

AMENDED IN ASSEMBLY JUNE 3, 2003

AMENDED IN ASSEMBLY APRIL 10, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

## ASSEMBLY BILL

**No. 655**

**Introduced by Assembly Member Liu  
(Coauthor: Assembly Member Jackson)**

February 19, 2003

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An act to amend Sections 11001, 66010.6, 66021.2, 66022, 66903, 69432.7, 69506.5, 69507.5, 69508, 69515, 69517, 69517.5, 69518, 69532, 69534.1, 69534.4, 69535.5, 69541, 69546, 69546.5, 69561, 69561.5, 69562, 69563, 69613, 69618, 69618.3, 69620, 69622, 69623, 69625, 69626, 69627, 69730, 69731, 69740, 69763.1, 69763.2, 69763.3, 69763.4, 69766, 69769.5, 69951, 69952, 69954, 69958, 69965, 69966, 69967, 69984, 89347, 94155, 94719.5, 94724, 94728.5, 94770, 94771, 94774.5, 94804, 94835, 94846, 94920, 94930, 94931, 94948, 94965, and 94995 of, to amend the heading of Article 2 (commencing with Section 69510) of Chapter 2 of Part 42 of, to add Sections 66903.5 and to, 66904 to, to add Chapter 11.1 (commencing with Section 66910) to Part 40 of, to repeal and add Sections 66901 and 69510, to repeal Sections 69511, 69511.5, and 94990 of, to repeal Chapter 3 (commencing with Section 94301) of Part 59 of, and to repeal Article 16 (commencing with Section 94999) of Chapter 7 of Part 59 of, the Education Code, to amend Sections 127929 and 128445 of the Health and Safety Code, to amend Sections 4709 and 4728 of the Labor Code, to amend Section 10340 of the Public Contract Code, to amend Sections 19533 and 19557 of the Revenue and Taxation Code, and to amend Section 5024 of the Vehicle Code, relating to postsecondary education.

## LEGISLATIVE COUNSEL'S DIGEST

AB 655, as amended, Liu. Postsecondary education: ~~California Higher Education Policy and Finance Commission~~: California Postsecondary Education Commission: Student Aid Commission: Bureau for Private Postsecondary and Vocational Education.

Existing law known as the Donahoe Higher Education Act, sets forth, among other things, the missions and functions of California's public and independent segments of higher education, and their respective institutions of higher education. Among other things, the act establishes the 17-member California Postsecondary Education Commission (CPEC) for, among other purposes, the collection of data pertinent to the planning and coordination of the higher education system of the state.

Existing law establishes the Student Aid Commission as the primary state agency for the administration of state-authorized student financial aid programs available to students attending all segments of postsecondary education. Under existing law, the commission, among other things, administers the Cal Grant Program, the Student Opportunity and Access Program, the Assumption Program of Loans for Education, the Graduate Assumption Program of Loans for Education, the Public Interest Attorney Loan Repayment Program, and the California State Work-Study Program. The Student Aid Commission also oversees the state's participation in the Federal Family Education Loan Program.

Existing law, known as the Private Postsecondary and Vocational Education Reform Act of 1989, generally sets minimum standards of instructional quality, ethical and business practices, health and safety, and fiscal responsibility for private postsecondary and vocational educational institutions, as defined. The act establishes the Bureau for Private Postsecondary and Vocational Education, which, among other things, is required to review and investigate all institutions, programs, and courses of instruction approved under the act. By its own terms, the act is repealed as of January 1, 2005.

This bill would ~~reconstitute CPEC as a 9-member commission as of July 1, 2005. The bill would repeal the statute establishing the Student Aid Commission, and place all of its functions under the administration of the California Higher Education Policy and Finance Commission, which the bill would establish. The bill would remove the Bureau of Private Postsecondary and Vocational Education from the Department of Consumer Affairs, and place it and its functions under the~~



~~administration of the California Higher Education Policy and Finance Commission.~~

~~The bill would also delete the January 1, 2005, repeal date for the Private Postsecondary and Vocational Education Reform Act of 1989, thereby extending the existence of the act indefinitely. All provisions of the bill other than the deletion of that repeal date would become operative on July 1, 2005.~~

~~The bill would also make numerous technical and conforming changes express the intent of the Legislature to consolidate the program responsibilities of the Student Aid Commission, the Bureau for Private Postsecondary and Vocational Education, and CPEC into a single state entity.~~

~~Vote: majority. Appropriation: no. Fiscal committee: yes—no. State-mandated local program: no.~~

*The people of the State of California do enact as follows:*

- 1     SECTION 1. It is the intent of the Legislature to consolidate  
2 the program responsibilities of the Student Aid Commission, the  
3 Bureau for Private Postsecondary and Vocational Education, and  
4 the California Postsecondary Education Commission into ~~the~~  
5 ~~California Higher Education Policy and Finance Commission~~ a  
6 single state entity and, in so doing, accomplish all of the following:  
7     (a) Consolidate within a single state agency key responsibilities  
8 for higher education planning and analysis, program  
9 administration, and information system management.  
10    (b) Establish a strong capacity for independent and objective  
11 higher education policy planning and analysis.  
12    (c) Fully integrate the resources of the private postsecondary  
13 sector, in combination with the public and independent sectors, in  
14 accommodating enrollment growth and finance policies.  
15    (d) Fully integrate student fee policy and financial aid policy  
16 with institutional funding and finance policies.  
17    (e) Establish and maintain a comprehensive higher education  
18 information system, integrating all sectors of postsecondary  
19 education including financial aid, and providing accurate current  
20 and historical data about higher education.  
21    (f) *Take into account the views and perspectives of all*  
22 *stakeholders, including, but not necessarily limited to, the*

1 *segments of public postsecondary education and all affected state*  
2 *agencies.*

3 ~~SEC. 2. Section 11001 of the Education Code is amended to~~  
4 ~~read:~~

5 ~~11001. (a) The Chancellor of the California State University~~  
6 ~~shall establish an advisory committee to assist in selecting~~  
7 ~~proposals to be funded and developing criteria for project~~  
8 ~~evaluation. The committee shall be composed of the following~~  
9 ~~members:~~

10 ~~(1) Two certificated secondary teachers, including at least one~~  
11 ~~junior high or intermediate teacher, appointed by the~~  
12 ~~Superintendent of Public Instruction.~~

13 ~~(2) Two certificated secondary school employees with~~  
14 ~~responsibility for curriculum administration, appointed by the~~  
15 ~~Superintendent of Public Instruction.~~

16 ~~(3) Two persons, including one director of a regional~~  
17 ~~consortium participating in the California Student Opportunity~~  
18 ~~Access Program established pursuant to Chapter 113 of the~~  
19 ~~Statutes of 1978, appointed by the California Higher Education~~  
20 ~~Policy and Finance Commission.~~

21 ~~(4) Two representatives of the California Community~~  
22 ~~Colleges, to be appointed by the Board of Governors of the~~  
23 ~~California Community Colleges, at least one of whom shall be a~~  
24 ~~faculty member.~~

25 ~~(5) Two representatives of the California State University, to be~~  
26 ~~appointed by the Chancellor of the California State University, at~~  
27 ~~least one of whom shall be a faculty member.~~

28 ~~(6) Two representatives of the University of California,~~  
29 ~~appointed by the President of the University of California, at least~~  
30 ~~one of whom shall be a faculty member.~~

31 ~~(b) A faculty appointment to the advisory committee shall be~~  
32 ~~made by the appropriate appointing authority through consultation~~  
33 ~~with the faculty senate.~~

34 ~~SEC. 3. Section 66010.6 of the Education Code is amended~~  
35 ~~to read:~~

36 ~~66010.6. (a) The California Higher Education Policy and~~  
37 ~~Finance Commission is the statewide policy and planning agency~~  
38 ~~for higher education. The commission is an advisor to the~~  
39 ~~Governor, the Legislature, and to the segments of higher~~  
40 ~~education. The commission shall serve as a principal fiscal and~~

~~program adviser to the Governor and the Legislature on postsecondary educational policy. Consistent with Section 66903, the commission's responsibilities shall include, but not necessarily be limited to, all of the following:~~

~~(1) Analysis and recommendations related to long-range planning for public postsecondary education.~~

~~(2) Analysis of state policy and programs involving the independent and private postsecondary educational sectors.~~

~~(3) Analysis and recommendations related to program and policy review.~~

~~(4) Resource analysis.~~

~~(5) Maintenance and publication of pertinent public information relating to all aspects of postsecondary education.~~

~~(6) Administration of state-authorized student financial aid programs available to students attending all segments of postsecondary education.~~

~~(7) Maintenance and publication of pertinent public information relating to all aspects of postsecondary education.~~

~~(8) Approving and regulating private postsecondary educational institutions and developing state policies for private postsecondary and vocational education in California.~~

~~(b) The commission shall consult with the postsecondary educational segments and with relevant state agencies, including the Student Aid Commission, the Superintendent of Public Instruction, and other relevant parties, in its preparation of analyses and recommendations to the Governor and the Legislature. However, the commission shall remain an independent and nonpartisan body responsible for providing an integrated and segmentally unbiased view for purposes of state policy formulation and evaluation.~~

~~SEC. 4. Section 66021.2 of the Education Code is amended to read:~~

~~66021.2.—Consistent with the state's historic commitment to provide educational opportunity by ensuring both student access to and selection of an institution of higher education for students with financial need, the long-term policy of the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program established pursuant to Chapter 1.7 (commencing with Section 69430) of Part 42 shall be as follows:~~

~~(a) Commencing with the 2001-02 academic year and every year thereafter, an applicant for a Cal Grant A or B award shall receive an award that is not in excess of the financial need amount determined by the California Higher Education Policy and Finance Commission pursuant to Section 69432.9 if he or she complies with all of the following requirements:~~

~~(1) Demonstrates financial need under the criteria adopted pursuant to Section 69432.9.~~

~~(2) Attains a grade point average, as defined in Section 69432.7, meeting the requirements of Chapter 1.7 (commencing with Section 69430) of Part 42.~~

~~(3) Complies with each of the eligibility criteria applicable to the type of Cal Grant award for which he or she is applying.~~

~~(b) (1) The maximum Cal Grant A award for a student attending the University of California or the California State University shall equal the mandatory systemwide fees in each of those segments.~~

~~(2) The maximum Cal Grant B award for a student to which this subdivision is applicable shall equal the mandatory systemwide fees in the segment attended by the student, except for community college students who receive waivers from the Board of Governors of the California Community Colleges, plus the access award calculated as specified in Article 3 (commencing with Section 69435) of Chapter 1.7 of Part 42, except that in the first year of enrollment in a qualifying institution, the maximum award shall be only for the amount of the access award.~~

~~(c) The maximum Cal Grant awards for students attending nonpublic institutions shall be as follows:~~

~~(1) The maximum Cal Grant A award shall equal the tuition award level established in the Budget Act of 2000, or the amount as adjusted in subsequent annual budget acts.~~

~~(2) The maximum Cal Grant B award shall equal the amount of the tuition award as established in the Budget Act of 2000, or the amount as adjusted in subsequent annual budget acts, plus the amount of the access costs specified in Section 69435, except that, in the first year of enrollment in a qualifying institution, the maximum award shall be only for the amount of the access award.~~

~~(d) Commencing with the 2000-01 academic year, and each academic year thereafter, the Cal Grant C award shall be utilized only for occupational or technical training.~~

1 ~~(c) Commencing with the 2000-01 academic year, and each~~  
2 ~~academic year thereafter, the Cal Grant T award shall be used only~~  
3 ~~for one academic year of full-time attendance in a program of~~  
4 ~~professional preparation that has been approved by the California~~  
5 ~~Commission on Teacher Credentialing.~~

6 ~~(f) An institution of higher education in this state that~~  
7 ~~participates in the Ortiz-Pacheco-Poochigian-Vasconcellos Cal~~  
8 ~~Grant Program shall not reduce its level of per capita need-based~~  
9 ~~institutional financial aid to undergraduate students, excluding~~  
10 ~~loans, below the total level awarded in the 2000-01 academic year.~~

11 ~~(g) The implementation of the policy set forth in this section~~  
12 ~~shall maintain a balance between the state's policy goals of~~  
13 ~~ensuring student access to and selection of an institution of higher~~  
14 ~~education for students with financial need and academic merit.~~

15 ~~(h) It is the policy of the State of California that the~~  
16 ~~Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program~~  
17 ~~supplement the federal Pell Grant program.~~

18 ~~(i) An \_\_\_\_\_ award \_\_\_\_\_ under \_\_\_\_\_ the~~  
19 ~~Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program shall~~  
20 ~~not guarantee admission to an institution of higher education or~~  
21 ~~admission to a specific campus or program.~~

22 ~~SEC. 5. Section 66022 of the Education Code is amended to~~  
23 ~~read:~~

24 ~~66022. (a) (1) The governing board of every community~~  
25 ~~college district, the Trustees of the California State University, the~~  
26 ~~Regents of the University of California, and the Board of Directors~~  
27 ~~of the Hastings College of the Law shall adopt regulations~~  
28 ~~providing for the withholding of institutional services from~~  
29 ~~students or former students who have been notified in writing at~~  
30 ~~the student's or former student's last known address that he or she~~  
31 ~~is in default on a loan or loans under the Federal Family Education~~  
32 ~~Loan Program.~~

33 ~~(2) "Default," for purposes of this section, means the failure~~  
34 ~~of a borrower to make an installment payment when due, or to meet~~  
35 ~~other terms of the promissory note under circumstances where the~~  
36 ~~guarantee agency finds it reasonable to conclude that the borrower~~  
37 ~~no longer intends to honor the obligation to repay, provided that~~  
38 ~~this failure persists for 180 days for a loan repayable in monthly~~  
39 ~~installments, or 240 days for a loan repayable in less frequent~~  
40 ~~installments.~~



~~(b) The regulations adopted pursuant to subdivision (a) shall provide that the services withheld may be provided during a period when the facts are in dispute or when the student or former student demonstrates to either the governing board of the community college district, the Trustees of the California State University, the Regents of the University of California, or the Board of Directors of the Hastings College of the Law, as appropriate, or to the California Higher Education Policy and Finance Commission, or both the California Higher Education Policy and Finance Commission and the appropriate entity or its designee, that reasonable progress has been made to repay the loan or that there exists a reasonable justification for the delay as determined by the institution. The regulations shall specify the services to be withheld from the student and may include, but are not limited to, the following:~~

~~(1) The provision of grades.~~

~~(2) The provision of transcripts.~~

~~(3) The provision of diplomas.~~

~~The adopted regulations shall not include the withholding of registration privileges.~~

~~(c) When it has been determined that an individual is in default on a loan or loans specified in subdivision (a), the California Higher Education Policy and Finance Commission shall give notice of the default to all institutions through which that individual acquired the loan or loans.~~

~~(d) This section shall not impose any requirement upon the University of California or the Hastings College of the Law unless the Regents of the University of California or the Board of Directors of the Hastings College of the Law, respectively, by resolution, make this section applicable.~~

~~(e) Guarantors, or those who act as their agents or act under their control, who provide information to postsecondary educational institutions pursuant to this section, shall defend, indemnify, and hold harmless the governing board of every community college district, the Trustees of the California State University, the Regents of the University of California, and the Board of Directors of the Hastings College of the Law from action resulting from compliance with this section when the action arises as a result of incorrect, misleading, or untimely information provided to the postsecondary educational institution by the~~



1 ~~guarantors, their agents, or those acting under the control of the~~  
2 ~~guarantors.~~

3 ~~SEC. 6. Section 66901 of the Education Code is repealed.~~

4 ~~SEC. 7. Section 66901 is added to the Education Code, to~~  
5 ~~read:~~

6 ~~66901. (a) The California Postsecondary Education~~  
7 ~~Commission is hereby established with nine members, to be~~  
8 ~~appointed as follows:~~

9 ~~(1) Five members shall be appointed by, and serve at the~~  
10 ~~pleasure of, the Governor.~~

11 ~~(2) Two members shall be appointed by, and serve at the~~  
12 ~~pleasure of, the Senate Rules Committee.~~

13 ~~(3) Two members shall be appointed by, and serve at the~~  
14 ~~pleasure of, the Speaker of the Assembly.~~

15 ~~(b) The commission shall choose a chairperson from among its~~  
16 ~~members.~~

17 ~~(c) The commission may meet as often as it deems necessary~~  
18 ~~to carry out its duties and responsibilities.~~

19 ~~(d) The membership of the commission appointed pursuant to~~  
20 ~~this section shall assume its duties as of July 1, 2004.~~

21 ~~SEC. 8. Section 66903 of the Education Code is amended to~~  
22 ~~read:~~

23 ~~66903. The commission has the following functions and~~  
24 ~~responsibilities:~~

25 ~~(a) In its capacity as the statewide postsecondary education~~  
26 ~~planning and coordinating agency and adviser to the Legislature~~  
27 ~~and the Governor, the commission shall do all of the following:~~

28 ~~(1) Require the governing boards of the segments of public~~  
29 ~~postsecondary education to develop and submit to the commission~~  
30 ~~institutional and systemwide long-range plans in a form~~  
31 ~~determined by the commission after consultation with the~~  
32 ~~segments.~~

33 ~~(2) Prepare a five-year state plan for postsecondary education~~  
34 ~~that shall integrate the planning efforts of the public segments with~~  
35 ~~other pertinent plans. The commission shall seek to resolve~~  
36 ~~conflicts or inconsistencies among segmental plans in consultation~~  
37 ~~with the segments. If these consultations are unsuccessful, the~~  
38 ~~commission shall report the unresolved issues to the Legislature~~  
39 ~~with recommendations for resolution. In developing the plan, the~~  
40 ~~commission shall consider at least the following factors:~~

- 1     ~~(A) The need for, and location of, new facilities.~~
- 2     ~~(B) The range and kinds of programs appropriate to each~~
- 3     ~~institution or system.~~
- 4     ~~(C) The budgetary priorities of the institutions and systems of~~
- 5     ~~postsecondary education.~~
- 6     ~~(D) The impact of various types and levels of student charges~~
- 7     ~~on students and on postsecondary education programs and~~
- 8     ~~institutions.~~
- 9     ~~(E) Appropriate levels of state-funded student financial aid.~~
- 10    ~~(F) Access and admission of students to postsecondary~~
- 11    ~~education. The educational programs and resources of~~
- 12    ~~independent and private postsecondary institutions.~~
- 13    ~~(3) Update the state plan every third year.~~
- 14    ~~(4) Participate in appropriate stages of the executive and the~~
- 15    ~~legislative budget processes as requested by the executive and the~~
- 16    ~~legislative branches, and advise the executive and the legislative~~
- 17    ~~branches as to higher education funding recommendations. It is~~
- 18    ~~not intended that the commission hold independent budget~~
- 19    ~~hearings.~~
- 20    ~~(5) Advise the Legislature and the Governor regarding the need~~
- 21    ~~for, and location of, new institutions and campuses of public~~
- 22    ~~higher education.~~
- 23    ~~(6) Review proposals by the public segments for new~~
- 24    ~~programs, and make recommendations regarding those proposals~~
- 25    ~~to the Legislature and the Governor.~~
- 26    ~~(7) Collect or conduct, or both collect and conduct, studies of~~
- 27    ~~projected manpower supply and demand, in cooperation with~~
- 28    ~~appropriate state agencies, and disseminate the results of those~~
- 29    ~~studies to institutions of postsecondary education and to the public~~
- 30    ~~in order to improve the information base upon which student~~
- 31    ~~choices are made.~~
- 32    ~~(8) Act as a clearinghouse for postsecondary education~~
- 33    ~~information and as a primary source of information for the~~
- 34    ~~Legislature, the Governor, and other agencies, and develop and~~
- 35    ~~maintain a comprehensive database that ensures comparability of~~
- 36    ~~data from diverse sources.~~
- 37    ~~(9) Review all proposals for changes in eligibility pools for~~
- 38    ~~admission to public institutions and segments of postsecondary~~
- 39    ~~education, and make recommendations to the Legislature, the~~
- 40    ~~Governor, and institutions of postsecondary education.~~

1     ~~(10) Upon request of the Legislature or the Governor, submit~~  
2 ~~to the Legislature and the Governor a report on all matters so~~  
3 ~~requested that are compatible with its role as the statewide~~  
4 ~~postsecondary education planning and coordinating agency. The~~  
5 ~~commission may, from time to time, submit to the Legislature and~~  
6 ~~the Governor a report that contains recommendations as to~~  
7 ~~necessary or desirable changes, if any, in the functions, policies,~~  
8 ~~and programs of the several segments of public and private~~  
9 ~~postsecondary education.~~

10   ~~(11) Undertake other functions and responsibilities that are~~  
11 ~~compatible with its role as the statewide postsecondary education~~  
12 ~~planning and coordinating agency.~~

13   ~~(b) (1) The commission shall administer state-authorized~~  
14 ~~student financial aid programs pursuant to Chapter 2~~  
15 ~~(commencing with Section 69500) of Part 42. Whenever, by the~~  
16 ~~provisions of any act of Congress, a program of scholarships or~~  
17 ~~grants or other aid for undergraduate students is established that~~  
18 ~~permits administration of the program within a state by a state~~  
19 ~~agency, the commission shall administer the act within the state if~~  
20 ~~the Governor and the commission, by a majority vote of its entire~~  
21 ~~membership, determine that the participation by the state in the~~  
22 ~~federal program under the act would not interfere with or~~  
23 ~~jeopardize the continuation of the Cal Grant program established~~  
24 ~~in Chapter 1.7 (commencing with Section 69430) of Part 42.~~

25   ~~(2) The commission shall constitute the state commission on~~  
26 ~~federal scholarships or grants and may formulate a plan for~~  
27 ~~development and administration of any federal scholarship or~~  
28 ~~grant program within the state. Subject to Chapter 2 (commencing~~  
29 ~~with Section 69500) of Part 42, the commission is hereby vested~~  
30 ~~with all necessary power and authority to cooperate with the~~  
31 ~~government of the United States, or any agency or agencies~~  
32 ~~thereof, in the administration of any act of Congress establishing~~  
33 ~~a scholarship or grant program and the rules and regulations~~  
34 ~~adopted thereunder. Before adopting a state plan, the commission,~~  
35 ~~acting as the state commission on federal scholarships or grants,~~  
36 ~~shall hold public hearings as provided by the Administrative~~  
37 ~~Procedure Act.~~

38   ~~(c) (1) The commission shall approve and regulate private~~  
39 ~~postsecondary educational institutions and develop state policies~~

1 ~~for private postsecondary and vocational institutions pursuant to~~  
2 ~~Chapter 7 (commencing with Section 94700) of Part 59.~~

3 ~~(2) It is the intent of the Legislature that the commission's~~  
4 ~~responsibilities under this subdivision be funded solely through~~  
5 ~~approval fees and federal funding provided to implement the~~  
6 ~~approval process for courses offered to veterans by vocational and~~  
7 ~~degree-granting institutions.~~

8 ~~SEC. 9. Section 66903.5 is added to the Education Code, to~~  
9 ~~read:~~

10 ~~66903.5. (a) (1) There is established an advisory committee~~  
11 ~~to the commission and the director, consisting of the chief~~  
12 ~~executive officers of each of the public segments, or their~~  
13 ~~designees, the Superintendent of Public Instruction or his or her~~  
14 ~~designee, an executive officer of an independent college or~~  
15 ~~university, and an executive officer of a private postsecondary~~  
16 ~~educational institution. Commission meeting agenda items and~~  
17 ~~associated documents shall be provided to the committee in a~~  
18 ~~timely manner for its consideration and comments.~~

19 ~~(2) The responsibilities of the advisory committee shall~~  
20 ~~include, but not necessarily be limited to, all of the following:~~

21 ~~(A) Identifying issues and problems that involve all of the~~  
22 ~~segments of higher education and elementary and secondary~~  
23 ~~education, and working to develop a common approach to~~  
24 ~~addressing the major issues.~~

25 ~~(B) Responding proactively to directions taken by the~~  
26 ~~commission, both by encouraging the segments to be active~~  
27 ~~participants in the conversation and by expressing the concerns of~~  
28 ~~the segments to the commission.~~

29 ~~(C) Coordinating policy responses to commission proposals~~  
30 ~~across the segments.~~

31 ~~(D) Providing a "first-alert" mechanism to raise issues and~~  
32 ~~concerns from any segment of the higher education community to~~  
33 ~~the state and the public.~~

34 ~~(E) Providing support and assistance for commission projects~~  
35 ~~and studies.~~

36 ~~(b) (1) There is established an advisory committee to the~~  
37 ~~commission and the director, consisting of the following:~~

38 ~~(A) One representative from each of the following: the Board~~  
39 ~~of Cosmetology, the Board of Barber Examiners, the Board of~~  
40 ~~Vocational Nurse and Psychiatric Technician Examiners, the~~

~~Board of Behavioral Science Examiners, the California Committee of Bar Examiners, and the Commissioner of Real Estate.~~

~~(B) Three representatives from private degree granting institutions approved under Article 8 (commencing with Section 94900) of Chapter 7 of Part 59 and three representatives from vocational institutions approved under Article 9 (commencing with Section 949151) of Chapter 7 of Part 59.~~

~~(2) Commission meeting agenda items and associated documents relevant to private postsecondary and vocational educational institutions shall be provided to the committee in a timely manner for its consideration and comments.~~

~~(c) The commission may appoint any subcommittee or advisory committees it deems necessary to advise the commission on matters of educational policy. The advisory committees may consist of commission members or nonmembers, or both, including students, faculty members, segmental representatives, governmental representatives, and representatives of the public.~~

~~SEC. 10. Section 66904 is added to the Education Code, to read:~~

~~66904. The California Higher Education Policy and Finance Commission shall succeed to the powers, duties, functions, and obligations of the Student Aid Commission, and the Bureau for Private Postsecondary and Vocational Education, commencing on January 1, 2004. On or before that date, the Private Postsecondary and Vocational Education Administration Fund, the Student Tuition Recovery Fund, and all ongoing projects, information and files maintained by the Student Aid Commission and the Bureau for Private Postsecondary and Vocational Education shall be transferred to the California Postsecondary Education Commission. All state civil service employees carrying out functions transferred to the California Postsecondary Education Commission shall be transferred on January 1, 2004.~~

~~SEC. 10.5. Chapter 11.1 (commencing with Section 66910) is added to Part 40 of the Education Code, to read:~~

~~CHAPTER 11.1. — CALIFORNIA HIGHER EDUCATION  
POLICY AND FINANCE COMMISSION~~

~~66910. The responsibilities of the California Higher Education Policy and Finance Commission include, but are not necessarily limited to, all of the following:~~

~~(a) Identifying and advocating the public agenda for California higher education with respect to the value and role of higher education in California's social, cultural, and economic development.~~

~~(b) Identifying and developing positions on the major budgetary and policy issues related to the current and future direction of higher education in California.~~

~~(c) Providing leadership by educating the public and policymakers about the major higher education issues and proposing recommendations to address these issues.~~

~~(d) Conducting quality research and public policy analysis leading to concrete recommendations on the major issues facing higher education.~~

~~(e) Effectively administering California's student financial assistance programs, with high-quality service for all students.~~

~~(f) Effectively administering California's oversight laws for private postsecondary and vocational schools with high-quality service for private school educators and students.~~

~~SEC. 11. — Section 69432.7 of the Education Code is amended to read:~~

~~69432.7. — As used in this chapter, the following terms have the following meanings:~~

~~(a) An "academic year" is July 1 to June 30, inclusive. The starting date of a session shall determine the academic year in which it is included.~~

~~(b) "Access costs" means living expenses and expenses for transportation, supplies, and books.~~

~~(c) "Award year" means one academic year, or the equivalent, of attendance at a qualifying institution.~~

~~(d) "College grade point average" and "community college grade point average" mean a grade point average calculated on the basis of all college work completed, except for nontransferable units and courses not counted in the computation for admission to~~

1 a California public institution of higher education that grants a  
2 baccalaureate degree.

3 (e) “Commission” means the California Postsecondary  
4 Education Commission.

5 (f) “Enrollment status” means part-time status or full-time  
6 status.

7 (1) Part time, for purposes of Cal Grant eligibility, is defined  
8 as 6 to 11 semester units, inclusive, or the equivalent.

9 (2) Full time, for purposes of Cal Grant eligibility, is defined  
10 as 12 or more semester units or the equivalent.

11 (g) “Expected family contribution,” with respect to an  
12 applicant, shall be determined using the federal methodology  
13 pursuant to subdivision (a) of Section 69506 (as established by  
14 Title IV of the federal Higher Education Act of 1965, as amended  
15 (20 U.S.C. Sec. 1070 et seq.)) and applicable rules and regulations  
16 adopted by the commission.

17 (h) “High school grade point average” means a grade point  
18 average calculated on a 4.0 scale, using all academic coursework,  
19 for the sophomore year, the summer following the sophomore  
20 year, the junior year, and the summer following the junior year,  
21 excluding physical education, reserve officer training corps  
22 (ROTC), and remedial courses, and computed pursuant to  
23 regulations of the commission. However, for high school  
24 graduates who apply after their senior year, “high school grade  
25 point average” includes senior year coursework.

26 (i) “Instructional program of not less than one academic year”  
27 means a program of study that results in the award of an associate  
28 or baccalaureate degree or certificate requiring at least 24 semester  
29 units or the equivalent, or that results in eligibility for transfer from  
30 a community college to a baccalaureate degree program.

31 (j) “Instructional program of not less than two academic  
32 years” means a program of study that results in the award of an  
33 associate or baccalaureate degree requiring at least 48 semester  
34 units or the equivalent, or that results in eligibility for transfer from  
35 a community college to a baccalaureate degree program.

36 (k) “Maximum household income and asset levels” means the  
37 applicable household income and household asset levels for  
38 participants in the Cal Grant Program, as defined and adopted in  
39 regulations by the commission for the 2001-02 academic year;



which shall be set pursuant to the following income and asset ceiling amounts:

#### CAL GRANT PROGRAM INCOME CEILINGS

	Cal Grant A, C, and F	Cal Grant B
Dependent and Independent students with dependents*		
Family Size		
— Six or more	\$74,100	\$40,700
— Five	\$68,700	\$37,700
— Four	\$64,100	\$33,700
— Three	\$59,000	\$30,300
— Two	\$57,600	\$26,900
Independent		
— Single, no dependents	\$23,500	\$23,500
— Married	\$26,900	\$26,900

\*Applies to independent students with dependents other than a spouse.

#### CAL GRANT PROGRAM ASSET CEILINGS

	Cal Grant A, C, and F	Cal Grant B
Dependent**	\$49,600	\$49,600
Independent	\$23,600	\$23,600

\*\*Applies to independent students with dependents other than a spouse.

The commission shall annually adjust the maximum household income and asset levels based on the percentage change in the cost of living within the meaning of paragraph (1) of subdivision (e) of Section 8 of Article XIII B of the California Constitution.

(l) "Qualifying institution" means any of the following:

(1) Any California private or independent postsecondary educational institution that participates in the Pell Grant program and in at least two of the following federal campus-based student aid programs:

(A) Federal Work Study.

1 ~~(B) Perkins Loan Program.~~

2 ~~(C) Supplemental Educational Opportunity Grant Program.~~

3 ~~(2) Any nonprofit institution headquartered and operating in~~  
4 ~~California that certifies to the commission that 10 percent of the~~  
5 ~~institution's operating budget, as demonstrated in an audited~~  
6 ~~financial statement, is expended for the purposes of institutionally~~  
7 ~~funded student financial aid in the form of grants, that~~  
8 ~~demonstrates to the commission that it has the administrative~~  
9 ~~capacity to administer the funds, that is accredited by the Western~~  
10 ~~Association of Schools and Colleges, and that meets any other~~  
11 ~~state-required criteria adopted by regulation by the commission in~~  
12 ~~consultation with the Department of Finance. A regionally~~  
13 ~~accredited institution that was deemed qualified by the~~  
14 ~~commission to participate in the Cal Grant Program for the~~  
15 ~~2000-01 academic year shall retain its eligibility as long as it~~  
16 ~~maintains its existing accreditation status.~~

17 ~~(3) Any California public postsecondary educational~~  
18 ~~institution.~~

19 ~~(m) "Satisfactory academic progress" means those criteria~~  
20 ~~required by applicable federal standards published in Title 34 of~~  
21 ~~the Code of Federal Regulations. The commission may adopt~~  
22 ~~regulations defining "satisfactory academic progress" in a~~  
23 ~~manner that is consistent with those federal standards.~~

24 ~~SEC. 12. Section 69506.5 of the Education Code is amended~~  
25 ~~to read:~~

26 ~~69506.5. Notwithstanding Section 69506, the California~~  
27 ~~Postsecondary Education Commission may, whenever it is~~  
28 ~~determined to be in the best interest of the state, develop and adopt~~  
29 ~~regulations that modify the methodology set forth in federal law~~  
30 ~~or regulation for determining the expected family contribution of~~  
31 ~~students seeking any state-funded financial assistance or the~~  
32 ~~federal definition for establishing the dependent and independent~~  
33 ~~status of students seeking any state-funded financial assistance. It~~  
34 ~~is the Legislature's intent that these regulations promote~~  
35 ~~consistency between federal and state standards, encourage the~~  
36 ~~maximum contribution from parents while being sensitive to~~  
37 ~~individual student financial and personal circumstances, and~~  
38 ~~encourage a simple financial aid application process.~~

39 ~~(a) The regulations developed pursuant to this section shall be~~  
40 ~~adopted as California Postsecondary Education Commission~~

1 ~~regulations in accordance with the provisions of Chapter 3.5~~  
2 ~~(commencing with Section 11340) of Part 1 of Division 3 of Title~~  
3 ~~2 of the Government Code.~~

4 (b) ~~Prior to adopting or amending regulations pursuant to this~~  
5 ~~section, the commission shall conduct, and make public, a full~~  
6 ~~analysis which includes at least an examination and explanation of~~  
7 ~~the cost of the change, the effect on student applicant and recipient~~  
8 ~~eligibility and award levels, and the effects of implementing the~~  
9 ~~criteria on those programs administered by the commission.~~

10 (c) ~~Not later than July 1 of the year following any modifications~~  
11 ~~to the methodology for determining expected family contribution~~  
12 ~~or the federal definition of student dependence or independence~~  
13 ~~made pursuant to this section, the commission shall report to the~~  
14 ~~Governor and the Legislature the impact of the changes on those~~  
15 ~~programs administered by the commission.~~

16 SEC. 13. ~~Section 69507.5 of the Education Code is amended~~  
17 ~~to read:~~

18 69507.5. (a) ~~Except as provided in subdivision (b), no~~  
19 ~~student shall receive a grant or fellowship administered by the~~  
20 ~~California Postsecondary Education Commission if he or she has~~  
21 ~~previously defaulted on any student loan, or has failed to repay a~~  
22 ~~federal or state student grant where required to do so.~~

23 (b) ~~If a student has made satisfactory arrangements to repay a~~  
24 ~~default on a previous student loan, or to repay grant funds where~~  
25 ~~required to do so, the student may be eligible to receive a grant or~~  
26 ~~fellowship administered by the Student Aid Commission.~~

27 SEC. 14. ~~Section 69508 of the Education Code is amended to~~  
28 ~~read:~~

29 69508. ~~When federal regulations defining the financial~~  
30 ~~independence of students are altered, the California Postsecondary~~  
31 ~~Education Commission shall as soon as possible, report to the~~  
32 ~~Legislature on what changes are necessary to conform this article~~  
33 ~~to federal standards.~~

34 SEC. 15. ~~The heading of Article 2 (commencing with Section~~  
35 ~~69510) of Chapter 2 of Part 42 of the Education Code is amended~~  
36 ~~to read:~~  
37

Article 2. ~~The California Postsecondary Education  
Commission~~

~~SEC. 16. Section 69510 of the Education Code is repealed.~~

~~SEC. 17. Section 69510 is added to the Education Code, to  
read:~~

~~69510. (a) The California Postsecondary Education  
Commission shall do all of the following:~~

~~(1) Report, on or before April 1 of each year, statistical data  
examining the impact and effectiveness of state-funded student  
financial aid programs. The commission shall utilize common  
criteria in determining the impact of these programs and shall have  
the authority to obtain any data from postsecondary educational  
institutions necessary for the reports.~~

~~(2) Collect and disseminate data concerning the financial  
resources and needs of students and potential students, and the  
scope and impact of existing state, federal, and institutional  
student aid programs.~~

~~(3) Report, on or before April 1 of each year, the aggregate  
financial need of individuals seeking access to postsecondary  
education and the degree to which current student aid programs  
meet this legitimate financial need.~~

~~(4) Develop and report annually the distribution of funds and  
awards among income groups, ethnic groups, grade point average  
levels, and postsecondary education segments.~~

~~(5) Prepare and disseminate information regarding the criteria  
utilized in distributing available student aid funds.~~

~~(b) The commission may expend funds for the purpose of  
disseminating information about all institutional, state, and federal  
student aid programs to potential applicants. This distribution of  
information shall primarily focus on potential applicants with the  
greatest financial need.~~

~~SEC. 18. Section 69511 of the Education Code is repealed.~~

~~SEC. 19. Section 69511.5 of the Education Code is repealed.~~

~~SEC. 20. Section 69515 of the Education Code is amended to  
read:~~

~~69515. As used in this division, "commission" means the  
California Postsecondary Education Commission created by this  
article.~~

1 SEC. 21.—Section 69517 of the Education Code is amended to  
2 read:

3 69517.—(a) The commission, in consultation with an advisory  
4 committee of students and representatives of postsecondary  
5 institutions, may make adjustments to award selection procedures  
6 and selection criteria. In determining adjustments, the commission  
7 shall consider at least all of the following factors:

8 (1) The impact of the adjustments on the distribution of funds  
9 and awards among income groups, ethnic groups, and grade point  
10 average levels.

11 (2) The impact of the adjustments on the distribution of funds  
12 and awards among postsecondary education segments.

13 (3) The costs of implementing proposed adjustments.

14 (4) The availability of financial aid from other sources for  
15 students who qualify for an award.

16 (b) The commission may also consider the impact of inflation  
17 in the proposed adjustments pursuant to subdivision (a):

18 (c) In proposing changes to the procedures and criteria for  
19 award selection that would result in a substantive change in the  
20 recipient population, the commission shall submit the proposed  
21 changes for public review and comment in accordance with  
22 procedures established in Chapter 3.5 (commencing with Section  
23 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

24 SEC. 22.—Section 69517.5 of the Education Code is amended  
25 to read:

26 69517.5.—The commission shall, with the assistance of the  
27 Attorney General's office, seek refunds on any awards to students  
28 in this chapter which resulted from the student or his or her parents,  
29 or both, reporting information concerning their status incorrectly,  
30 with the incorrect information leading to the establishment of the  
31 student's financial eligibility to receive an award.

32 SEC. 23.—Section 69518 of the Education Code is amended to  
33 read:

34 69518.—(a) By September 15 of each fiscal year, the  
35 commission shall submit budget change proposals to the  
36 Department of Finance for inclusion in the Governor's Budget  
37 prepared pursuant to Section 12 of Article IV of the California  
38 Constitution.

39 (b) The budget change proposals submitted pursuant to  
40 subdivision (a) shall include, but not be limited to, an analysis of

1 the impact of any proposed adjustments in the distribution of funds  
2 and awards.

3 ~~(e) Any supporting materials prepared for the Student Aid~~  
4 ~~Commission's consideration and public review and comment~~  
5 ~~pursuant to this section, including, when it becomes available, data~~  
6 ~~pertaining to the impact of any proposed adjustments on the~~  
7 ~~distribution of funds and awards among income groups, ethnic~~  
8 ~~groups, grade point average levels, and postsecondary education~~  
9 ~~segments, shall be incorporated within the expenditure plan.~~

10 (d) If the commission proposes, in its budget change proposals,  
11 adjustments to the maximum grant, number of grants, and the  
12 income ceiling for grant awards made pursuant to Section 69532,  
13 at least the following factors shall be considered in determining the  
14 appropriate adjustments:

15 (1) The impact of inflation.

16 (2) The availability of financial aid from other sources for  
17 students who would qualify for a grant award.

18 (3) Any changes in the level of educational support provided to  
19 students at public colleges and universities in the state.

20 (4) The impact of proposed adjustments in the maximum grant  
21 and in the income ceiling upon the utilization of public and private  
22 postsecondary educational institutions.

23 (5) The number of applicants eligible to receive an award in the  
24 previous year who did not receive an award in the previous year.

25 SEC. 24. Section 69532 of the Education Code is amended to  
26 read:

27 69532. Cal Grant Program awards shall be known as "Cal  
28 Grant A awards," "Cal Grant B awards," "Cal Grant C awards,"  
29 and "Cal Grant T awards." The maximum award in each category  
30 shall be determined in the annual Budget Act.

31 (a) Cal Grant A awards shall be used only for tuition and  
32 student fees in an instructional program of no less than two  
33 academic years. Commencing as soon as feasible, but no later than  
34 the award cycle that provides awards for the 1999-2000 academic  
35 year, the eligibility criteria for first-time Cal Grant award  
36 recipients who are community college students and transfer to a  
37 four-year college or university shall be no more stringent than the  
38 eligibility criteria for other first-time Cal Grant award recipients  
39 attending a four-year college or university.

~~(b) Cal Grant B awards shall be used only for tuition, student fees, and subsistence costs in an instructional program of no less than one academic year. Subsistence costs are living expenses, transportation, supplies, and books. Commencing as soon as feasible, but no later than the award cycle that provides awards for the 1999–2000 academic year, the eligibility criteria for first-time Cal Grant award recipients who are community college students and transfer to a four-year college or university shall be no more stringent than the eligibility criteria for other first-time Cal Grant award recipients attending a four-year college or university.~~

~~(c) Cal Grant C awards shall be used only for occupational or technical training in a course of no less than four months. There shall be a minimum of 1,570 new Cal Grant C awards each year.~~

~~(d) Cal Grant T awards shall be used only for tuition and student fees for a maximum of one academic year of full-time attendance in a program of professional preparation that has been approved by the Commission on Teacher Credentialing. There shall be a minimum of 3,000 new Cal Grant T awards each year. As a condition of receiving a Cal Grant T award, a recipient shall teach for one year in a low-performing school as defined in subdivision (c) of Section 44765 for each two thousand dollar (\$2,000) incentive provided pursuant to Section 69532 through the Cal Grant T Program, for a period not to exceed four years. Any recipient who fails to meet his or her teaching obligation shall repay the Cal Grant T award.~~

~~(e) The California Postsecondary Education Commission shall evaluate the Cal Grant T Award program from its inception to determine, of the total number of recipients, the number of recipients who become employed as public school teachers. This evaluation shall be reported on an annual basis to the Governor and the Legislature beginning July 1, 2001.~~

~~SEC. 25.—Section 69534.1 of the Education Code is amended to read:~~

~~69534.1. (a) The California Postsecondary Education Commission shall authorize the use of standardized student financial aid application forms for California. These forms shall be simple in nature and collect common data elements required by the federal government and those elements needed to meet the objectives of state-funded and institutional financial aid programs.~~



~~(b) These forms shall be utilized for the Cal Grant Program, all other programs funded by the state or a public institution of postsecondary education (except for the Board of Governors' Financial Assistance Program authorized by Chapter 1118 of the Statutes of 1987, for which a simplified form designed for that sole purpose may be used), and all federal programs administered by a public postsecondary education institution.~~

~~(c) Supplemental forms may be utilized if the forms are essential to accomplishing the objectives of individual programs. All supplemental forms utilized by public postsecondary educational institutions shall be subject to approval by the commission, and forms shall be identical for programs with similar objectives, as determined by the commission.~~

~~(d) Public postsecondary institutions are encouraged to, but may decide whether to, use the standard application forms for funds provided by private donors.~~

~~(e) The Legislature finds and declares that it is in the best interest of students that all postsecondary education institutions in California participating in federal and state-funded financial aid programs accept the standard application forms authorized by the Student Aid Commission.~~

~~SEC. 26. Section 69534.4 of the Education Code is amended to read:~~

~~69534.4. The California Postsecondary Education Commission may enter into contracts with a public agency or a private entity to improve the processing and distribution of grants, fellowships, and loans through the use of electronic networks and unified databases.~~

~~SEC. 27. Section 69535.5 of the Education Code is amended to read:~~

~~69535.5. The California Postsecondary Education Commission may determine that an advanced payment is essential to ensure that funds provided pursuant to this chapter to assist students to enroll in postsecondary education are available at the time students enroll. Upon making that determination, the commission may, based on institutional academic calendars, advance per term to authorized postsecondary educational institutions the funds for eligible students who have indicated they will attend those institutions less an amount based on historical claim enrollment attrition information. Each institution shall~~

1 ~~disburse the funds in accordance with the provisions set forth in the~~  
2 ~~Institutional Agreement between the commission and the~~  
3 ~~institution.~~

4 SEC. 28. ~~Section 69541 of the Education Code is amended to~~  
5 ~~read:~~

6 ~~69541. (a) The California Postsecondary Education~~  
7 ~~Commission, to the extent funds are appropriated for the purposes~~  
8 ~~of this section in the annual Budget Act, shall provide a~~  
9 ~~supplemental grant equal to two thousand eight hundred dollars~~  
10 ~~(\$2,800) to recipients of Cal Grant awards who fulfill the~~  
11 ~~following requirements:~~

12 ~~(1) The person has been declared a dependent or ward of the~~  
13 ~~court pursuant to Section 300 or Section 602 of the Welfare and~~  
14 ~~Institutions Code.~~

15 ~~(2) The person, within the 60-day period immediately prior to~~  
16 ~~his or her 18th birthday, had a permanent plan of long-term foster~~  
17 ~~care or guardianship.~~

18 ~~(3) The person received aid pursuant to Part 3 (commencing~~  
19 ~~with Section 11000) of Division 9 of the Welfare and Institutions~~  
20 ~~Code.~~

21 ~~(b) The State Department of Social Services shall enter into an~~  
22 ~~interagency agreement with the California Postsecondary~~  
23 ~~Education Commission to allocate funds to the commission~~  
24 ~~appropriated in the Budget Act for the purposes of this section.~~

25 SEC. 29. ~~Section 69546 of the Education Code is amended to~~  
26 ~~read:~~

27 ~~69546. The California Postsecondary Education Commission~~  
28 ~~shall each year recommend to the Legislature concerning the~~  
29 ~~allocation of funds from the federal state student incentive grant~~  
30 ~~program and the programs authorized in subdivisions (a), (b), and~~  
31 ~~(c) of Section 69532.~~

32 SEC. 30. ~~Section 69546.5 of the Education Code is amended~~  
33 ~~to read:~~

34 ~~69546.5. The California Postsecondary Education~~  
35 ~~Commission shall allocate federal and state student incentive grant~~  
36 ~~funds among the Cal Grant A, B, and C programs.~~

37 SEC. 31. ~~Section 69561 of the Education Code is amended to~~  
38 ~~read:~~

1 ~~69561. (a) The Student Opportunity and Access Program is~~  
2 ~~administered by the California Postsecondary Education~~  
3 ~~Commission.~~

4 ~~(b) The commission may apportion funds on a progress~~  
5 ~~payment schedule for the support of projects designed to increase~~  
6 ~~the accessibility of postsecondary educational opportunities for~~  
7 ~~any of the following elementary and secondary school students:~~

8 ~~(1) Students who are from low-income families.~~

9 ~~(2) Students who would be the first in their families to attend~~  
10 ~~college.~~

11 ~~(3) Students who are from schools or geographic regions with~~  
12 ~~documented low eligibility or college participation rates.~~

13 ~~(c) These projects shall primarily do all of the following:~~

14 ~~(1) Increase the availability of information for these students~~  
15 ~~on the existence of postsecondary schooling and work~~  
16 ~~opportunities.~~

17 ~~(2) Raise the achievement levels of these students so as to~~  
18 ~~increase the number of high school graduates eligible to pursue~~  
19 ~~postsecondary learning opportunities.~~

20 ~~(d) Projects may assist community college students in~~  
21 ~~transferring to four-year institutions, to the extent that project~~  
22 ~~resources are available.~~

23 ~~(e) Projects may provide assistance to low-income fifth and~~  
24 ~~sixth grade students and their parents in order to implement~~  
25 ~~outreach efforts designed to use the future availability of financial~~  
26 ~~assistance as a means of motivating students to stay in school and~~  
27 ~~complete college preparatory courses.~~

28 ~~(f) Each project shall be proposed and operated through a~~  
29 ~~consortium that involves at least one secondary school district~~  
30 ~~office, at least one four-year college or university, at least one~~  
31 ~~community college, and at least one of the following agencies:~~

32 ~~(1) A nonprofit educational, counseling, or community agency.~~

33 ~~(2) A private vocational or technical school accredited by a~~  
34 ~~national, state, or regional accrediting association recognized by~~  
35 ~~the United States Department of Education.~~

36 ~~(g) The commission, in awarding initial project grants, shall~~  
37 ~~give priority to proposals developed by more than three eligible~~  
38 ~~agencies. Projects shall be located throughout the state in order to~~  
39 ~~provide access to program services in rural, urban, and suburban~~  
40 ~~areas.~~

~~(h) The governing board of each project, comprising at least one representative from each entity in the consortium, shall establish management policy, provide direction to the project director, set priorities for budgetary decisions that reflect the specific needs of the project, and assume responsibility for maintaining the required level of matching funds, including solicitations from the private sector and corporate sources.~~

~~(i) Prior to receiving a project grant, each consortium shall conduct a planning process and submit a comprehensive project proposal to include, but not be limited to, the following information:~~

~~(1) The agencies participating in the project.~~

~~(2) The students to be served by the project.~~

~~(3) The ways in which the project will reduce duplication and related costs.~~

~~(4) The methods for assessing the project's impact.~~

~~(j) Each project shall include the direct involvement of secondary school staff in the daily operations of the project, with preference in funding to those projects that effectively integrate the objectives of the Student Opportunity and Access Program with those of the school district in providing services that are essential to preparing students for postsecondary education.~~

~~(k) Each project shall maintain within the project headquarters a comprehensive student-specific information system on students receiving services through the program in grades 11 and 12 at secondary schools within the participating districts. This information shall be maintained in a manner consistent with the law relating to pupil records.~~

~~(l) At least 30 percent or the equivalent of each project grant shall be allocated for stipends to peer advisers and tutors who meet all of the following criteria:~~

~~(1) Work with secondary school students.~~

~~(2) Are currently enrolled in a college or other postsecondary school as an undergraduate or graduate student.~~

~~(3) Have demonstrated financial need for the stipend.~~

~~(m) Each project should work cooperatively with other projects in the program and with the commission to establish viable student services and sound administrative procedures and to ensure coordination of the activities of the project with existing educational opportunity programs. The California Postsecondary~~

1 ~~Education Commission may develop additional regulations~~  
2 ~~regarding the awarding of project grants and criteria for evaluating~~  
3 ~~the effectiveness of the individual projects.~~

4 ~~SEC. 32. Section 69561.5 of the Education Code is amended~~  
5 ~~to read:~~

6 ~~69561.5. (a) In collaboration with the various segments of~~  
7 ~~higher education, the California Postsecondary Education~~  
8 ~~Commission shall develop and establish a pilot program entitled~~  
9 ~~“Transfer: Making It Happen.” This program shall encourage~~  
10 ~~community college students to transfer to a four-year institution of~~  
11 ~~higher education, and assist them in this endeavor by providing~~  
12 ~~academic preparation and information on financial aid~~  
13 ~~opportunities. The program shall be modeled after the “College:~~  
14 ~~Making It Happen” program.~~

15 ~~(b) The pilot program established by this section shall target~~  
16 ~~students who attend those community colleges or high schools that~~  
17 ~~participate in one of the Student Opportunity and Access Program~~  
18 ~~consortia, who are primarily from low-income households, who~~  
19 ~~would be the first in their families to attend college, or who are~~  
20 ~~from schools or geographic regions with documented low college~~  
21 ~~eligibility or college participation rates.~~

22 ~~(c) (1) The Student Opportunity and Access Program shall~~  
23 ~~provide, in close collaboration with the personnel of the California~~  
24 ~~Community Colleges who are responsible for advising students~~  
25 ~~about transfer opportunities, each of the following direct student~~  
26 ~~services under this section:~~

27 ~~(A) Provision of specialized academic and financial aid~~  
28 ~~information related to a transfer to an institution that grants~~  
29 ~~baccalaureate degrees.~~

30 ~~(B) Provision of personalized attention, such as one-on-one~~  
31 ~~counseling and group workshops that inform students of~~  
32 ~~opportunities to transfer to an institution that grants baccalaureate~~  
33 ~~degrees.~~

34 ~~(C) Working closely with community college transfer centers~~  
35 ~~in strengthening direct services and outreach provided to students~~  
36 ~~who plan to transfer to an institution that grants baccalaureate~~  
37 ~~degrees.~~

38 ~~(2) The services listed in paragraph (1) shall be offered to, but~~  
39 ~~not necessarily limited to, students who indicate an interest in~~  
40 ~~transferring to an institution that grants baccalaureate degrees.~~

~~(d) (1) During the third year of the operation of the pilot program established by this section, the California Postsecondary Education Commission, in consultation with the Legislative Analysts' office, shall evaluate the program in order to determine its effectiveness. The evaluation shall include, but not necessarily be limited to, recommendations on both of the following:~~

~~(A) How the program may improve the services it provides.~~

~~(B) How the program may be expanded beyond those community colleges that participate in one of the Student Opportunity and Access Program consortia.~~

~~(2) On or before December 1, 2004, the California Postsecondary Education Commission shall submit to the Governor and the Legislature a report including all of the findings and recommendations of its evaluation.~~

~~(e) This section shall remain in effect only until January 1, 2006, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2006, deletes or extends that date.~~

~~SEC. 33. Section 69562 of the Education Code is amended to read:~~

~~69562. The California Postsecondary Education Commission shall establish a 12-member project grant advisory committee to advise project directors and the commission on the development and operation of the projects, and consisting of the following:~~

~~(a) Three representatives of outreach programs, representing the University of California, the California State University, and the California Community Colleges, appointed by their respective governing boards.~~

~~(b) One representative of private colleges and universities, appointed by the Association of California Independent Colleges and Universities.~~

~~(c) One representative of the California Postsecondary Education Commission, appointed by the commission.~~

~~(d) Two secondary school staff, appointed by the Superintendent of Public Instruction.~~

~~(e) Two persons representing the general public, one appointed by the Speaker of the Assembly and the other by the Senate Rules Committee.~~

~~(f) Two postsecondary students, both appointed annually by the California Postsecondary Education Commission.~~

~~(g) One college campus financial aid officer, appointed by the California Postsecondary Education Commission.~~

~~SEC. 34. Section 69563 of the Education Code is amended to read:~~

~~69563. The commission shall periodically review and evaluate the Student Opportunity and Access Program as part of the commission's regular assessment of student academic development programs in the state. The commission shall include in the evaluation an assessment of the admission, progress, retention, and graduation of program participants from postsecondary institutions.~~

~~SEC. 35. Section 69613 of the Education Code is amended to read:~~

~~69613. (a) (1) Any person enrolled in an eligible institution, or any person who agrees to participate in a teacher trainee or teacher internship program, may be eligible to enter into an agreement for loan assumption, to be redeemed pursuant to Section 69613.2 upon becoming employed as a teacher. In order to be eligible to enter into an agreement for loan assumption, an applicant shall satisfy all of the conditions specified in subdivision (b).~~

~~(2) As used in this article, "eligible institution" means a postsecondary institution that is determined by the California Postsecondary Education Commission to meet both of the following requirements:~~

~~(A) The institution is eligible to participate in state and federal financial aid programs.~~

~~(B) The institution maintains a program of professional preparation that has been approved by the Commission on Teacher Credentialing.~~

~~(b) (1) The applicant has completed at least 60 semester units, or the equivalent, and is enrolled in an academic program leading to a baccalaureate degree at an eligible institution, has agreed to participate in a teacher trainee program or teacher internship program, or has been admitted to a program of professional preparation that has been approved by the Commission on Teacher Credentialing.~~

~~(2) The applicant is currently enrolled, or has been admitted to a program in which he or she will be enrolled on at least a half-time basis, as determined by the participating institution. The applicant~~



1 ~~shall agree to maintain satisfactory academic progress and a~~  
2 ~~minimum of half-time enrollment, as defined by the participating~~  
3 ~~eligible institution.~~  
4 ~~(3) The applicant has been judged by his or her postsecondary~~  
5 ~~institution to have outstanding ability on the basis of criteria that~~  
6 ~~may include, but need not be limited to, any of the following:~~  
7 ~~(A) Grade point average.~~  
8 ~~(B) Test scores.~~  
9 ~~(C) Faculty evaluations.~~  
10 ~~(D) Interviews.~~  
11 ~~(E) Other recommendations.~~  
12 ~~(4) The applicant has received, or is approved to receive, a loan~~  
13 ~~under one or more of the following designated loan programs:~~  
14 ~~(A) The Federal Family Education Loan Program (20 U.S.C.~~  
15 ~~Sec. 1071 et seq.).~~  
16 ~~(B) Any loan program approved by the California~~  
17 ~~Postsecondary Education Commission.~~  
18 ~~(5) The applicant has agreed to teach full time for at least four~~  
19 ~~consecutive academic years after obtaining a teaching credential~~  
20 ~~in a public elementary or secondary school in this state, in a subject~~  
21 ~~area that is designated as a current or projected shortage area by the~~  
22 ~~Superintendent of Public Instruction, or at a school that, at the time~~  
23 ~~that the teacher is hired, meets any of the following criteria:~~  
24 ~~(A) It serves a large population of pupils from low-income~~  
25 ~~families, as designated by the Superintendent of Public~~  
26 ~~Instruction.~~  
27 ~~(B) It has 20 percent or more teachers holding emergency~~  
28 ~~permits. For the purposes of this paragraph, “teachers holding~~  
29 ~~emergency permits” includes persons who teach pursuant to~~  
30 ~~waivers of credential requirements or who are interns.~~  
31 ~~(C) It is a low-performing school.~~  
32 ~~(c) No applicant who has completed fewer than 60 units, or the~~  
33 ~~equivalent, shall be eligible under this section to participate in the~~  
34 ~~loan assumption program set forth in this article.~~  
35 ~~(d) The agreements entered into each year pursuant to~~  
36 ~~subdivision (b) at each eligible institution or participating school~~  
37 ~~district or county office of education shall be with applicants who~~  
38 ~~meet the criteria specified in paragraph (3) of subdivision (b) of~~  
39 ~~Section 69612 or agree to teach in any of the subject areas listed~~  
40 ~~pursuant to that section. An agreement shall remain valid even if~~

1 the subject area under which an applicant becomes eligible to enter  
2 into an agreement ceases to be a designated shortage field by the  
3 time the applicant becomes a teacher.

4 (e) ~~For the purposes of calculating eligible years of teaching for~~  
5 ~~the redemption of an award, the designation by the Superintendent~~  
6 ~~of Public Instruction of a newly-opened school pursuant to Section~~  
7 ~~52056 shall apply retroactively from the time of opening the~~  
8 ~~school.~~

9 (f) ~~A person participating in the program pursuant to this~~  
10 ~~section shall not enter into more than one agreement.~~

11 SEC. 36. ~~Section 69618 of the Education Code is amended to~~  
12 ~~read:~~

13 ~~69618. (a) The Legislature hereby recognizes the growing~~  
14 ~~need for new faculty members at California's colleges and~~  
15 ~~universities. This need will be fueled largely by two factors: (1) the~~  
16 ~~large number of current faculty approaching retirement age who~~  
17 ~~will need to be replaced; and (2) the expected growth in enrollment~~  
18 ~~demand in California.~~

19 (b) ~~The Legislature finds that the rising costs of higher~~  
20 ~~education, coupled with a shift in available financial aid from~~  
21 ~~scholarships and grants to loans, make loan repayment options an~~  
22 ~~important consideration in student's decision to pursue a graduate~~  
23 ~~education.~~

24 (c) ~~It is the intent of the Legislature that the Graduate~~  
25 ~~Assumption Program of Loans for Education be designed to~~  
26 ~~encourage persons to complete their graduate educations and serve~~  
27 ~~as faculty at an accredited California college or university.~~

28 (d) ~~As used in this article, "commission" means the California~~  
29 ~~Postsecondary Education Commission.~~

30 SEC. 37. ~~Section 69618.3 of the Education Code is amended~~  
31 ~~to read:~~

32 ~~69618.3. The terms of the loan assumptions granted under this~~  
33 ~~article shall be as follows, subject to the specific terms of each~~  
34 ~~warrant:~~

35 (a) ~~After a program participant has completed one academic~~  
36 ~~year, or the equivalent of full-time teaching, at one or more~~  
37 ~~regionally accredited, eligible California colleges or universities,~~  
38 ~~the commission shall assume up to two thousand dollars (\$2,000)~~  
39 ~~of the participant's outstanding liability under one or more of the~~  
40 ~~designated loan programs. The initial year of eligible teaching~~

1 ~~shall begin within 10 years of receiving an initial conditional~~  
2 ~~warrant from the commission.~~

3 ~~(b) After the program participant has completed two~~  
4 ~~consecutive academic years, or the equivalent of full-time~~  
5 ~~teaching, at one or more regionally accredited California colleges~~  
6 ~~or universities, the commission shall assume up to an additional~~  
7 ~~two thousand dollars (\$2,000) of the participant's outstanding~~  
8 ~~liability under one or more of the designated loan programs, for a~~  
9 ~~total loan assumption of up to four thousand dollars (\$4,000).~~

10 ~~(c) After a program participant has completed three~~  
11 ~~consecutive academic years, or the equivalent of full-time~~  
12 ~~teaching, at one or more regionally accredited California colleges~~  
13 ~~or universities, the commission shall assume up to an additional~~  
14 ~~two thousand dollars (\$2,000) of the participant's outstanding~~  
15 ~~liability under one or more of the designated loan programs, for a~~  
16 ~~total loan assumption of up to six thousand dollars (\$6,000).~~

17 ~~SEC. 38. Section 69620 of the Education Code is amended to~~  
18 ~~read:~~

19 ~~69620. There is hereby established the Child Development~~  
20 ~~Teacher and Supervisor Grant Program, to be administered by the~~  
21 ~~California Postsecondary Education Commission, with~~  
22 ~~participation by students attending California public or private~~  
23 ~~two-year or four-year postsecondary educational institutions who~~  
24 ~~intend to teach or supervise in the field of child care and~~  
25 ~~development in a licensed children's center. The California~~  
26 ~~Postsecondary Education Commission may enter into an~~  
27 ~~agreement with another state or local agency to administer this~~  
28 ~~program.~~

29 ~~SEC. 39. Section 69622 of the Education Code is amended to~~  
30 ~~read:~~

31 ~~69622. (a) Participants shall be enrolled in an approved~~  
32 ~~course of study leading to the teacher, site supervisor, or program~~  
33 ~~director level of the Child Development Permit.~~

34 ~~(b) An applicant shall be eligible to participate if he or she~~  
35 ~~meets one of the following criteria:~~

36 ~~(1) Is nominated by a postsecondary institution.~~

37 ~~(2) Is nominated by his or her employing agency that holds an~~  
38 ~~approved waiver of staffing qualifications on behalf of the~~  
39 ~~applicant.~~

~~(c) From the list of applicants who are eligible under subdivisions (a) and (b), the California Postsecondary Education Commission, or an agency designated by the commission, shall select participants on the basis of their demonstrated financial need and academic achievement, which may include, but not be limited to, high school grade-point average, college grade-point average, or academic test scores.~~

~~(d) Participants shall maintain no less than half-time enrollment and satisfactory academic progress as defined by the postsecondary educational institution.~~

~~(e) Recipients of a grant may renew their participation by maintaining satisfactory academic progress, financial need, and intent to pursue the approved course of study leading to the teacher, site supervisor, or program director level as provided in subdivision (a). The maximum amount any one recipient may receive through the grant program is six thousand dollars (\$6,000).~~

~~(f) Participants may not concurrently receive benefits from the grant program under this article and from the Child Development Teacher Loan Assumption Program.~~

~~SEC. 40. Section 69623 of the Education Code is amended to read:~~

~~69623. (a) To receive a grant under this article, a participant shall enter into a contractual agreement with the California Postsecondary Education Commission under which the participant agrees to do all of the following:~~

~~(1) Pursue a course of study leading to the Child Development Permit at the teacher, site supervisor, or program director level.~~

~~(2) Maintain full-time employment in a licensed children's center in California for a period of one year for each year in which grant assistance was received and provide the California Postsecondary Education Commission with evidence of compliance with this requirement.~~

~~(b) Each participant shall complete and return to the California Postsecondary Education Commission an employment verification for each year of service as a teacher, instructor, or supervisor. A year of employment may be based on a calendar year or a school year.~~

~~(c) The California Postsecondary Education Commission shall develop appropriate mechanisms to document and report annually~~

1 to the State Department of Education regarding compliance with  
2 the requirements of paragraph (2) of subdivision (a).

3 SEC. 41. Section 69625 of the Education Code is amended to  
4 read:

5 69625. (a) In order to accomplish the purposes set forth in  
6 this article, commencing January 1, 1998, the Controller, the State  
7 Department of Education, the State Department of Social  
8 Services, or any other state agency receiving funds from the Child  
9 Care Development Block Grant Act of 1990 (P.L. 97-35) shall  
10 make these funds available to the California Postsecondary  
11 Education Commission for this program only to the extent this  
12 program is incorporated into, and approved in, the state plan  
13 established pursuant to subsection (a) of Section 658E of  
14 Subchapter C as contained in Section 5082 of the Omnibus Budget  
15 Reconciliation Act of 1990 (P.L. 101-508).

16 (b) For the purpose of implementing this article, the State  
17 Department of Education or designated state agency shall enter  
18 into an interagency agreement with the California Postsecondary  
19 Education Commission to allocate federal funds received annually  
20 for purposes of this program and to include funds for the  
21 administrative costs.

22 (c) On or before January 1, 1999, and each year thereafter, the  
23 California Postsecondary Education Commission shall report to  
24 the State Department of Education or designated state agency  
25 regarding the federal funding level required to award 100 new  
26 grants and all of the renewal grants annually. The State  
27 Department of Education or designated state agency shall take  
28 these amounts into consideration when developing the state plan  
29 referenced in subdivision (a). The State Department of Education  
30 or designated state agency shall notify the California  
31 Postsecondary Education Commission of any revision to the  
32 federal funding level as reflected in changes to the Child Care and  
33 Development Block Grant State Plan.

34 (d) This program is contingent upon the receipt of federal funds  
35 for the childcare and development block grant for the purposes of  
36 implementing this program.

37 SEC. 42. Section 69626 of the Education Code is amended to  
38 read:

39 69626. (a) The California Postsecondary Education  
40 Commission shall administer the Child Development Teacher and

~~Supervisor Grant Program. This includes determining the application procedures and the selection criteria for grant awards.~~

~~(b) It is the intent of the Legislature that the California Postsecondary Education Commission consult with the Child Development Division of the California Department of Education, postsecondary educational institutions, and child care and development representatives of statewide organizations regarding the development of the program, including the program requirements and selection criteria.~~

~~SEC. 43. Section 69627 of the Education Code is amended to read:~~

~~69627. The California Postsecondary Education Commission shall report to the Governor and the Legislature by January 1, 2001, on the Child Development Teacher and Supervisor Grant Program to assess the following:~~

- ~~(a) The number of applicants annually.~~
- ~~(b) The number of participants annually.~~
- ~~(c) The rate of compliance with academic and employment requirements.~~
- ~~(d) Participating postsecondary educational institutions.~~
- ~~(e) Needs assessment for program growth based on the eligible pool of applicants.~~
- ~~(f) Participation and success rates for each permit.~~
- ~~(g) The amount of grant funds awarded each year, by institution.~~

~~SEC. 44. Section 69730 of the Education Code is amended to read:~~

~~69730. There is hereby established the Willie L. Brown, Jr. Community Service Scholarship Program, the purpose of which shall be to reward pupils for volunteering to serve their communities, to address serious social and economic community needs, and to increase the tendency of youth to be involved in public service. The program shall be administered by the California Postsecondary Education Commission. Pursuant to that authority, the commission shall do all of the following:~~

- ~~(a) Provide information regarding the program to each school district in this state. Any public high school of this state, other than any continuation or alternative high school, may participate in the program upon request. Each participating high school shall~~

1 ~~provide adequate notice to its pupils of the availability of the~~  
2 ~~scholarships authorized under this article.~~

3 ~~(b) Establish a model scholarship application form of no more~~  
4 ~~than one page in length, requiring no more than 25 data elements,~~  
5 ~~and provide copies of that application form to all participating high~~  
6 ~~schools. Participating high schools may use either the model form~~  
7 ~~or their own scholarship application form. Scholarship funds to be~~  
8 ~~awarded pursuant to this article shall be provided without regard~~  
9 ~~to the requirements otherwise set forth in this chapter.~~

10 ~~(c) Conduct periodic reviews in order to ensure that the~~  
11 ~~selection of scholarship recipients is conducted in compliance with~~  
12 ~~this article.~~

13 ~~SEC. 45.—Section 69731 of the Education Code is amended to~~  
14 ~~read:~~

15 ~~69731.—(a) At least one scholarship under this article shall be~~  
16 ~~made available each year to each high school participating in the~~  
17 ~~program to award to a pupil who is enrolled in that high school.~~  
18 ~~One additional scholarship shall be available each year to each~~  
19 ~~participating high school for each 1,000 pupils enrolled in that~~  
20 ~~school in excess of 1,000 pupils.~~

21 ~~(b) Each participating high school shall establish and maintain~~  
22 ~~a community service scholarship committee that consists of the~~  
23 ~~following persons:~~

24 ~~(1) One full-time teacher employed by the school.~~

25 ~~(2) One employee of the school who is a classified employee~~  
26 ~~or pupil counselor, and who has contributed to the academic or~~  
27 ~~personal development of high school pupils. In the event that no~~  
28 ~~person meets those qualifications, the principal of the school shall~~  
29 ~~designate any other employee of the school to serve on the~~  
30 ~~committee.~~

31 ~~(3) One parent of any pupil who is enrolled in the high school~~  
32 ~~but is not an applicant for a scholarship under this article.~~

33 ~~(4) Two representatives from community organizations or~~  
34 ~~agencies, as described in subdivision (c).~~

35 ~~(c) Scholarships made available to the participating high~~  
36 ~~school shall be awarded by the community service scholarship~~  
37 ~~committee to pupil applicants determined by a majority vote of the~~  
38 ~~membership of the committee to have made significant~~  
39 ~~contributions to the community through community service. For~~  
40 ~~the purposes of this article, “community service” means volunteer~~



~~work for any nonprofit organization that meets the description set forth in paragraph (3) of subdivision (c) of Section 501 of Title 26 of the United States Code, or for any other community service agency or organization that is nonprofit, nonpartisan, and nonsectarian, which work is performed to further purposes of education, environmental quality, health care, local, state, or federally funded public assistance, public safety crime prevention or control, transportation, recreation, housing and neighborhood improvement, rural development, conservation, child care, senior citizens' quality of life, outdoor beautification, or any other purpose of human betterment and community improvement. In the event that the community service scholarship committee determines that the number of applicants who qualify for a scholarship under this subdivision exceeds the number of scholarships available to the high school under this article, the committee shall apply the following additional criteria in order to select scholarship recipients:~~

~~(1) The applicant's financial status, including his or her ability to finance a college education.~~

~~(2) The extent to which the applicant's capacity to provide volunteer service has been limited by the applicant's other extracurricular activities, summer or part-time employment, or responsibilities to his or her family.~~

~~(3) Whether the applicant would be the first member of his or her immediate family to attend an institution of higher education.~~

~~(d) Each scholarship awarded shall be for a period of one year, subject to the requirement that no scholarship funding shall be payable as to any academic term in which the recipient fails to both maintain a course load of at least six semester units or the equivalent and meet or exceed the institution's standards for satisfactory academic progress.~~

~~(e) No later than June 15 of each year, the community service scholarship committee of each participating high school shall notify the California Postsecondary Education Commission of the names of the scholarship recipients selected by the committee, or, alternatively, that no pupil applicants were determined by the committee to qualify for a scholarship pursuant to subdivision (c). No later than August 15 of that year, the commission shall provide funding for the subsequent academic year for each scholarship awarded pursuant to this section, in an amount equal to the amount~~

1 of the undergraduate student fees charged for that school year by  
2 the University of California, except that no allotment shall be in  
3 an amount of less than one thousand five hundred dollars (\$1,500).

4 (f) ~~Scholarship funding provided under this article may be~~  
5 ~~applied to educational costs incurred by the recipient pursuant to~~  
6 ~~his or her attendance at an institution of higher education. Those~~  
7 ~~costs may include, but are not necessarily limited to, tuition, fees,~~  
8 ~~instructional materials, and room and board.~~

9 (g) ~~Scholarships shall be funded under this article to the extent~~  
10 ~~funds are made available for that purpose.~~

11 (h) ~~This article shall not be construed to prevent any~~  
12 ~~participating high school or pupil from seeking private or other~~  
13 ~~funding sources to supplement the amount of any scholarship or~~  
14 ~~scholarships awarded under this article. Any scholarship or~~  
15 ~~scholarships awarded under this article shall augment, and not~~  
16 ~~supplant, student financial aid from other sources.~~

17 SEC. 46. ~~Section 69740 of the Education Code is amended to~~  
18 ~~read:~~

19 69740. ~~Unless the context requires otherwise, the definitions~~  
20 ~~in this section govern the construction of this article.~~

21 (a) ~~“Commission” means the California Postsecondary~~  
22 ~~Education Commission.~~

23 (b) ~~“Eligible education and training programs” means~~  
24 ~~education and training programs approved by the commission that~~  
25 ~~lead to eligibility for a license to practice law as a licensed attorney.~~

26 (c) ~~“Eligible expenses” means reasonable expenses associated~~  
27 ~~with the costs of acquiring an education such as tuition, books,~~  
28 ~~equipment, fees, room and board, and other expenses determined~~  
29 ~~by the commission.~~

30 (d) ~~“Eligible participant” means a licensed attorney who has~~  
31 ~~been admitted to the program and is a resident of this state and who~~  
32 ~~can provide proof of residency in this state.~~

33 (e) ~~“Licensed attorney” means an attorney who resides in this~~  
34 ~~state who has successfully passed the California bar examination~~  
35 ~~and has been admitted to practice in this state or has otherwise been~~  
36 ~~licensed to practice law in this state by the State Bar of California.~~

37 (f) ~~“Loan repayment” means a loan that is paid in full or in part~~  
38 ~~if the participant renders legal services in this state in a public~~  
39 ~~interest area of the law.~~

1 ~~(g) “Participant” means a licensed attorney who has been~~  
2 ~~admitted to the program and has commenced practice as a licensed~~  
3 ~~attorney in this state in a public interest area of the law.~~

4 ~~(h) “Program” means the Public Interest Attorney Loan~~  
5 ~~Repayment Program.~~

6 ~~(i) “Public interest area of the law” means those areas of the~~  
7 ~~law determined by the commission, in consultation with the~~  
8 ~~advisory committee, to serve the public interest, including, but not~~  
9 ~~necessarily limited to, providing direct legal service at a local (1)~~  
10 ~~legal services organization, (2) prosecuting attorney’s office, (3)~~  
11 ~~child support agency office, or (4) criminal public defender’s~~  
12 ~~office. For the purposes of this article, a “legal services~~  
13 ~~organization” is a legal services provider in California that serves~~  
14 ~~a clientele over 70 percent of whom are low income persons~~  
15 ~~according to applicable federal income guidelines.~~

16 ~~(j) “Required service obligation” means an obligation by the~~  
17 ~~participant to provide legal services in this state in a public interest~~  
18 ~~area of the law as established pursuant to this article.~~

19 ~~SEC. 47. Section 69763.1 of the Education Code is amended~~  
20 ~~to read:~~

21 ~~69763.1. (a) If a borrower defaults on a guaranteed student~~  
22 ~~loan and the lender’s default claim has been paid, the California~~  
23 ~~Postsecondary Education Commission shall fulfill the collection~~  
24 ~~efforts required by federal law, which includes initiating a civil suit~~  
25 ~~against the borrower for repayment of the loan.~~

26 ~~(b) After the period specified in federal law for commencing~~  
27 ~~action, the amount of the promissory note, plus interest and costs,~~  
28 ~~may be collected by the filing of a certificate requesting judgment~~  
29 ~~pursuant to subdivision (c) or by other appropriate civil action.~~

30 ~~(c) If the loan principal, interest, and predefault and collection~~  
31 ~~costs are not paid when due, and there is evidence that the borrower~~  
32 ~~does not intend to pay under the terms of the promissory note or~~  
33 ~~promissory notes, the commission may file in the office of the~~  
34 ~~Clerk of the Superior Court of Sacramento County, or any other~~  
35 ~~county, a certificate specifying the amount of the loan principal,~~  
36 ~~interest, and predefault and collection costs due, the name and last~~  
37 ~~known address of the individual liable for the amount due, the fact~~  
38 ~~that the commission has complied with all applicable state and~~  
39 ~~federal laws in the computation of the amount due, and a request~~  
40 ~~that judgment be entered against the individual in the amount of~~

1 the loan principal, interest, and predefault and collection costs  
2 specified in the certificate.

3 (d) ~~Prior to the filing of the certificate, the commission shall,~~  
4 ~~by mail, notify the individual of the amount that is due and of the~~  
5 ~~opportunity for a hearing. If a hearing is requested, 10 days' notice~~  
6 ~~shall be given of the time and place of the hearing, which shall be~~  
7 ~~held in Sacramento County or, if properly requested, the county of~~  
8 ~~residence of the person requesting the hearing. The hearing shall~~  
9 ~~be conducted by a referee who shall submit findings and~~  
10 ~~recommendations to the director of the commission, or an~~  
11 ~~authorized representative, who shall decide the matter. The~~  
12 ~~decision shall be effective upon notice to the interested parties. The~~  
13 ~~director of the commission, or the authorized representative, may~~  
14 ~~rescind the decision and reconsider the matter for good cause~~  
15 ~~shown at any time within three years after the date the disputed~~  
16 ~~loan first became due, or within one year from the hearing,~~  
17 ~~whichever is later. If no hearing is requested within 15 days after~~  
18 ~~mailing the notice required by this subdivision, the certificate~~  
19 ~~required by subdivision (b) may be filed.~~

20 SEC. 48. ~~Section 69763.2 of the Education Code is amended~~  
21 ~~to read:~~

22 69763.2. (a) ~~The clerk, immediately upon the filing of the~~  
23 ~~certificate specified in Section 69763.1, shall enter a judgment for~~  
24 ~~the people of the State of California against the individual in the~~  
25 ~~amount of the loan principal, interest, and predefault and~~  
26 ~~collection costs listed on the certificate. The clerk may file the~~  
27 ~~judgment in the book entitled "California Postsecondary~~  
28 ~~Education Commission Judgments."~~

29 (b) ~~Execution shall issue upon the judgment specified in~~  
30 ~~subdivision (a) upon request of the commission in the same~~  
31 ~~manner as execution may issue upon other judgments as~~  
32 ~~prescribed in the Code of Civil Procedure.~~

33 (c) ~~At least 10 days before executing any writ to collect, the~~  
34 ~~commission shall send notice of the intent to execute upon a writ~~  
35 ~~to the borrower and to any cosigners, by certified mail, to the most~~  
36 ~~recent addresses maintained in the files of the commission. Any~~  
37 ~~person receiving the notice of the intent to execute upon a writ may~~  
38 ~~request a hearing to contest the existence or the amount of the writ.~~  
39 ~~At the request of the individual, the commission shall conduct a~~  
40 ~~hearing pursuant to Section 69763.1, at which it shall be~~

1 determined whether the loan principal, interest, and predefault and  
2 collection costs in the amount claimed by the commission are due  
3 and whether the individual named on the certificate is liable for the  
4 amount. If no hearing is requested, the execution shall be  
5 commenced for the garnishment of wages, the attachment of  
6 property, or other legal collection action.

7 SEC. 49.— Section 69763.3 of the Education Code is amended  
8 to read:

9 69763.3.— At any time before wages are garnished or a lien is  
10 placed on property, a borrower may pay the California  
11 Postsecondary Education Commission the amount of the recorded  
12 judgment, plus costs. If that payment is made, wage garnishment  
13 or the attachment of property shall not commence. The payment  
14 shall not constitute a waiver of the right to a hearing.

15 SEC. 50.— Section 69763.4 of the Education Code is amended  
16 to read:

17 69763.4.— If the California Postsecondary Education  
18 Commission, or an authorized agent, has reasonable cause to  
19 believe that a lien on property may be jeopardized within the  
20 10-day notice-of-intent period, the lien may be filed without prior  
21 notice. The commission shall provide notice of the attachment of  
22 property by lien to the owner and to any other person known to be  
23 claiming an interest in the property, within 48 hours after filing,  
24 excluding Saturdays, Sundays, and the holidays specified in  
25 Section 6700 of the Government Code. Any hearing to contest the  
26 lien shall be requested within 10 days following transmittal of the  
27 notice.

28 SEC. 51.— Section 69766 of the Education Code is amended to  
29 read:

30 69766.— (a) The Federal Student Loan Reserve Fund and the  
31 Student Loan Operating Fund are hereby created in the State  
32 Treasury. On January 1, 2000, the State Guaranteed Loan Reserve  
33 Fund shall cease to exist, and funds deposited, or required to be  
34 deposited in that fund, shall be transferred to the Federal Student  
35 Loan Reserve Fund or the Student Loan Operating Fund and  
36 allocated to those funds in accordance with the requirements of  
37 federal law.

38 (b) All money received for the purposes of this article from  
39 federal, state or local governments, including any money  
40 deposited in the State Guaranteed Loan Reserve Fund, or from

~~1 other private or public sources, shall be deposited in the Federal  
2 Student Loan Reserve Fund or the Student Loan Operating Fund  
3 and allocated to those funds in accordance with the requirements  
4 of federal law. Funds deposited in the Federal Student Loan  
5 Reserve Fund or the Student Loan Operating Fund are not part of  
6 the General Fund, as defined in Section 16300 of the Government  
7 Code. No moneys from the General Fund shall be deposited in the  
8 Federal Student Loan Reserve Fund or the Student Loan Operating  
9 Fund.~~

~~10 (c) The contents of the Federal Student Loan Reserve Fund are  
11 federal funds, administered in accordance with federal laws and  
12 regulations. The contents of the Student Loan Operating Fund are  
13 state funds within the custody and control of the California  
14 Postsecondary Education Commission.~~

~~15 (d) Notwithstanding Section 13340 of the Government Code,  
16 all moneys deposited in the Federal Student Loan Reserve Fund  
17 and the Student Loan Operating Fund are hereby continuously  
18 appropriated, without regard to fiscal years, for purposes of this  
19 article. The continuous appropriation made by this section shall be  
20 available to assume the obligation under any outstanding budget  
21 act appropriation from the State Guaranteed Loan Reserve Fund  
22 as it existed prior to January 1, 2000.~~

~~23 (e) The total amount of all outstanding debts, obligations, and  
24 liabilities that may be incurred or created under this article,  
25 including any obligation to repay to the United States any funds  
26 provided under Title IV of the "Higher Education Act of 1965,"  
27 and extensions thereof or amendments thereto, or any similar act  
28 of Congress, is limited to the amount contained in the Federal  
29 Student Loan Reserve Fund or the Student Loan Operating Fund,  
30 and the state shall not be liable to the United States, or to any other  
31 person or entity, beyond the amount contained in the Federal  
32 Student Loan Reserve Fund or the Student Loan Operating Fund  
33 for any debts, obligations, and liabilities.~~

~~34 SEC. 52. Section 69769.5 of the Education Code is amended  
35 to read:~~

~~36 69769.5. The Loan Advisory Council shall review the  
37 activities and policies of the Federal Family Education Loan  
38 Program and shall regularly advise the commission of its findings  
39 and recommendations. The Loan Advisory Council may request  
40 information and data that it deems appropriate from the California~~

~~Postsecondary Education Commission with respect to the Federal Family Education Loan Program or any other loan program administered by the commission.~~

SEC. 53. ~~Section 69951 of the Education Code is amended to read:~~

~~69951. The California State Work Study Program is hereby created to provide eligible college and university students with the opportunity to earn money to help defray their educational costs, while gaining valuable experience in educationally beneficial or career-related employment. The California State Work Study Program shall be administered by the California Postsecondary Education Commission.~~

SEC. 54. ~~Section 69952 of the Education Code is amended to read:~~

~~69952. (a) Any postsecondary educational institution currently eligible to participate in state-funded student financial aid programs pursuant to this chapter or in federal financial aid programs shall be eligible to be selected to participate in the California State Work Study Program.~~

~~(b) Prior to participating in the program, each institution shall sign an institutional agreement with the California Postsecondary Education Commission, acknowledging its willingness to administer the program pursuant to this article and program regulations and guidelines adopted for that purpose by the commission. The agreement shall include the procedures that the institution shall use to ensure that each work study position is related to the student's course of study or career interests.~~

~~(c) Each participating institution shall be required, as a condition of participation in the program, to comply with the auditing or other fiscal reporting requirements established by the commission. These requirements shall be applied by the commission so as to ensure that no payments received by any private institution pursuant to this article are applied to any sectarian or denominational purpose, or to the general aid or support of the institution.~~

SEC. 55. ~~Section 69954 of the Education Code is amended to read:~~

~~69954. (a) All of the following entities shall be eligible to employ students participating in the California State Work Study Program:~~



1 ~~(1) Public postsecondary educational institutions.~~

2 ~~(2) Public schools operated by school districts, county~~  
3 ~~superintendents of schools, the Department of the Youth~~  
4 ~~Authority, or the State Department of Education.~~

5 ~~(3) Nonsectarian, nonpolitical organizations or corporations,~~  
6 ~~whether nonprofit or profit-seeking enterprises licensed to~~  
7 ~~conduct business in California.~~

8 ~~(4) Out-of-state employers licensed to conduct business in their~~  
9 ~~home state, subject to the prior approval of the California~~  
10 ~~Postsecondary Education Commission.~~

11 ~~(b) Private postsecondary educational institutions shall not be~~  
12 ~~eligible to employ students participating in the California State~~  
13 ~~Work-Study Program.~~

14 ~~SEC. 56. Section 69958 of the Education Code is amended to~~  
15 ~~read:~~

16 ~~69958. (a) Potential work-study positions may be located by~~  
17 ~~the institution or by eligible students in cooperation with the~~  
18 ~~institution. Each position located shall be critically reviewed by~~  
19 ~~the appropriate student financial aid and experiential education~~  
20 ~~personnel to determine whether it satisfies all the conditions~~  
21 ~~specified in Section 69960. To assist the institution in assessing the~~  
22 ~~position, the employer shall submit a written statement to the~~  
23 ~~institution that provides all of the following information:~~

24 ~~(1) The total number of positions available.~~

25 ~~(2) A job description of each available position, including the~~  
26 ~~suggested rate of pay.~~

27 ~~(3) The skills required of the prospective work-study~~  
28 ~~employee.~~

29 ~~(4) The educational benefits provided by the position.~~

30 ~~(b) Once the institution has approved the work-study position,~~  
31 ~~the employer and the institution, acting as the authorized agent of~~  
32 ~~the California Postsecondary Education Commission, shall~~  
33 ~~execute a written agreement which confirms the employer's~~  
34 ~~eligibility to participate in the program and its willingness to~~  
35 ~~comply with all program requirements, and specifies the~~  
36 ~~responsibilities of each of the parties. The agreement shall be~~  
37 ~~subject to annual renewal by mutual agreement of the institution~~  
38 ~~and the employer.~~

39 ~~(c) Following execution of the agreement pursuant to~~  
40 ~~subdivision (b), the employer may interview prospective~~

1 ~~work-study employees. The institution shall provide the employer~~  
2 ~~and each applicant for the work-study position with adequate~~  
3 ~~information to facilitate a proper placement. Provided that the~~  
4 ~~priorities specified in Section 69959 have been met, the employer~~  
5 ~~may indicate his or her hiring preferences. No employer shall~~  
6 ~~discriminate between applicants on the basis of race, color, sex,~~  
7 ~~religion, or national origin, or subject any applicant to any other~~  
8 ~~discriminatory practices prohibited by state or federal law.~~

9 ~~SEC. 57. Section 69965 of the Education Code is amended to~~  
10 ~~read:~~

11 ~~69965. (a) The California Postsecondary Education~~  
12 ~~Commission, in consultation with the advisory committee~~  
13 ~~designated pursuant to Section 69966, shall select postsecondary~~  
14 ~~educational institutions to participate in the program. In evaluating~~  
15 ~~applications from educational institutions, the commission shall~~  
16 ~~primarily consider the following factors:~~

17 ~~(1) Administrative capability.~~

18 ~~(2) Ability to utilize available state funds.~~

19 ~~(b) The commission shall also consider:~~

20 ~~(1) Geographical distribution of participating institutions.~~

21 ~~(2) Segmental representation.~~

22 ~~SEC. 58. Section 69966 of the Education Code is amended to~~  
23 ~~read:~~

24 ~~69966. The California Postsecondary Education Commission~~  
25 ~~shall administer the California State Work-Study Program in~~  
26 ~~consultation with an advisory committee. The membership of the~~  
27 ~~advisory committee, which may be an existing advisory~~  
28 ~~committee established by the commission, shall be representative~~  
29 ~~of, but need not be limited to, financial aid and student~~  
30 ~~employment administrators from each segment of postsecondary~~  
31 ~~education, students, public schools, employers, and experiential~~  
32 ~~education personnel.~~

33 ~~SEC. 59. Section 69967 of the Education Code is amended to~~  
34 ~~read:~~

35 ~~69967. The California Postsecondary Education Commission~~  
36 ~~shall do all of the following:~~

37 ~~(a) Adopt any necessary rules, regulations, and guidelines to~~  
38 ~~assist participating employers and institutions to administer the~~  
39 ~~program.~~

~~(b) Ensure that student placements are consistent with the objectives stated in Section 69959.~~

~~(c) Monitor institutional expenditures to ensure proper allocation and utilization of work study funds.~~

~~(d) At the close of each fiscal year, compile data regarding the population served by the program during that fiscal year.~~

~~(e) Review the administrative practices of each participating institution to ensure compliance with program requirements.~~

~~(f) Ensure that appropriate audits of the program are conducted.~~

~~SEC. 60. Section 69984 of the Education Code is amended to read:~~

~~69984. (a) (1) The board shall segregate moneys received by the Scholarshare trust into two funds, which shall be identified as the program fund and the administrative fund. Notwithstanding Section 13340 of the Government Code, the program fund is hereby continuously appropriated, without regard to fiscal years, to the board for the purposes of this article. Funds in the administrative fund shall be available for expenditure, upon appropriation, for the purposes specified in this article.~~

~~(2) (A) The trust shall separately account for any moneys received by an entity exempt from taxation under Section 501(c)(3) of the Internal Revenue Code or a state or local government agency, depositing the money for the benefit of a beneficiary to be named later pursuant to the operation of a bona fide scholarship program.~~

~~(B) There is hereby created the Scholarshare Investment Board, which consists of the Treasurer, the Director of Finance, the Secretary of Education, a member of the California Postsecondary Education Commission appointed by the Governor, a member of the public appointed by the Governor, a representative from a California public institution of higher education appointed by the Senate Committee on Rules, and a representative from a California independent college or university or a state-approved college, university, or vocational/technical school appointed by the Speaker of the Assembly. The Treasurer shall serve as chair of the board. The board shall appoint an administrator of the program who shall serve at the pleasure of the board. The board shall annually prepare and adopt a written statement of investment policy. The board shall consider the statement of investment policy~~

1 and any changes in the investment policy at a public hearing. The  
2 board shall approve the investment management entity or entities  
3 consistent with subparagraph (C). Not later than 30 days after the  
4 close of each month there shall be placed on file for public  
5 inspection during business hours a report with respect to  
6 investments made pursuant to this section and a report of deposits  
7 in financial institutions. The investment manager shall report the  
8 following information to the board within 30 days following the  
9 end of each month:

10 (i) The type of investment, name of the issuer, date of maturity,  
11 par and dollar amount invested in each security, investment, and  
12 money within the program fund.

13 (ii) The weighted average maturity of the investments within  
14 the program fund.

15 (iii) Any amounts in the program fund that are under the  
16 management of private money managers.

17 (iv) The market value as of the date of the report and the source  
18 of this valuation for any security within the program fund.

19 (v) A description of the compliance with the statement of  
20 investment policy.

21 (C) Moneys in the program fund may be invested or reinvested  
22 by the Treasurer or may be invested in whole or in part under  
23 contract with private money managers, as determined by the  
24 Scholarshare Investment Board.

25 (b) Transfers may be made from the program fund to the  
26 administrative fund for the purpose of paying operating costs  
27 associated with administering the trust and as required by this act.  
28 On an annual basis, expenditures from the administrative fund  
29 shall not exceed more than 1 percent of the total program fund. All  
30 costs of administration of the trust shall be paid out of the  
31 administration fund.

32 (c) All moneys paid by participants in connection with  
33 participation agreements shall be deposited as received into the  
34 program fund and shall be promptly invested and accounted for  
35 separately. Deposits and interest thereon accumulated on behalf of  
36 participants in the program fund of the Scholarshare trust may be  
37 used for payments to any institution of higher education.

38 SEC. 61. Section 89347 of the Education Code is amended to  
39 read:

1     ~~89347. The California Postsecondary Education Commission~~  
2 ~~shall provide outreach services and technical assistance to foster~~  
3 ~~youth at the two grade levels designated jointly by the California~~  
4 ~~State University and the California Community Colleges. The~~  
5 ~~State Department of Social Services and county welfare~~  
6 ~~departments shall, in coordination with the California~~  
7 ~~Postsecondary Education Commission, communicate with foster~~  
8 ~~youth at the two grade levels designated jointly by the California~~  
9 ~~State University and the California Community Colleges in order~~  
10 ~~to facilitate the California Postsecondary Education~~  
11 ~~Commission's outreach and technical assistance efforts for those~~  
12 ~~prospective students.~~

13     ~~SEC. 62. Section 94155 of the Education Code is amended to~~  
14 ~~read:~~

15     ~~94155. On or before March 31 in each year the authority shall~~  
16 ~~make an annual report of its activities for the preceding calendar~~  
17 ~~year to the Governor and the Legislature. This report shall set forth~~  
18 ~~a complete operating and financial statement covering the~~  
19 ~~authority's operations during the year. The authority shall cause an~~  
20 ~~audit of its books and accounts to be made at least once in each year~~  
21 ~~by certified public accountants. The authority shall also consult~~  
22 ~~with the California Postsecondary Education Commission with~~  
23 ~~respect to the need for additional financing of student loan~~  
24 ~~projects.~~

25     ~~SEC. 63. Chapter 3 (commencing with Section 94301) of Part~~  
26 ~~59 of the Education Code is repealed.~~

27     ~~SEC. 64. Section 94719.5 of the Education Code is amended~~  
28 ~~to read:~~

29     ~~94719.5. "Bureau" means the Bureau for Private~~  
30 ~~Postsecondary and Vocational Education which, pursuant to~~  
31 ~~Section 94770, is under the administration of the California~~  
32 ~~Postsecondary Education Commission.~~

33     ~~SEC. 65. Section 94724 of the Education Code is amended to~~  
34 ~~read:~~

35     ~~94724. "Council" has the same meaning as the Bureau for~~  
36 ~~Private Postsecondary and Vocational Education as defined in~~  
37 ~~Section 94719.5.~~

38     ~~SEC. 66. Section 94728.5 of the Education Code is amended~~  
39 ~~to read:~~

1     ~~94728.5. “Director” means the Executive Director of the~~  
2     ~~California Postsecondary Education Commission.~~

3     ~~SEC. 67. Section 94770 of the Education Code is amended to~~  
4     ~~read:~~

5     ~~94770. (a) There is a Bureau for Private Postsecondary and~~  
6     ~~Vocational Education under the administration of the California~~  
7     ~~Higher Education Policy and Finance Commission. The bureau~~  
8     ~~shall succeed to any and all rights and claims of the former Council~~  
9     ~~for Private Postsecondary and Vocational Education that may have~~  
10    ~~been asserted in any judicial or administrative action pending on~~  
11    ~~January 1, 1998, and shall take any action reasonably necessary to~~  
12    ~~assert and realize those rights and claims in its own name. The~~  
13    ~~functions of the former council and the responsibilities the former~~  
14    ~~council had for the administration of former Chapter 7~~  
15    ~~(commencing with Section 94700) on June 29, 1997, are~~  
16    ~~transferred to the bureau, effective January 1, 1998, as provided by~~  
17    ~~this act. It is the intent of the Legislature that there be no gap in the~~  
18    ~~performance of functions or the administration of the law~~  
19    ~~governing private postsecondary educational institutions.~~  
20    ~~Notwithstanding any other provision of law, Section 19050.9 of~~  
21    ~~the Government Code shall apply regardless of the date on which~~  
22    ~~former Chapter 7 (commencing with Section 94700) became~~  
23    ~~inoperative or was repealed.~~

24    ~~(b) The bureau shall have possession and control of all records,~~  
25    ~~papers, offices, equipment, supplies, or other property, real or~~  
26    ~~personal, held for the benefit or use by the former council in the~~  
27    ~~performance of the duties, powers, purposes, responsibilities, and~~  
28    ~~jurisdictions that are vested in the bureau.~~

29    ~~(c) The bureau has the responsibility for approving and~~  
30    ~~regulating private postsecondary educational institutions. The~~  
31    ~~bureau shall have, as its objective, the development of a strong,~~  
32    ~~vigorous, and widely respected sector of private postsecondary~~  
33    ~~and vocational education.~~

34    ~~SEC. 68. Section 94771 of the Education Code is amended to~~  
35    ~~read:~~

36    ~~94771. (a) The duty of administering and enforcing this~~  
37    ~~chapter is vested in the Executive Director of the California~~  
38    ~~Postsecondary Education Commission, who may assign and~~  
39    ~~delegate those duties to a bureau chief, subject to the other~~  
40    ~~provisions of this section.~~

~~(b) Every power granted to, or duty imposed upon, the bureau under this chapter may be exercised or performed in the name of the bureau, subject to any conditions and limitations the director may prescribe. The bureau chief may redelegate any of those powers or duties to his or her designee. The bureau chief shall be appointed by the Governor and confirmed by the Senate, and is exempt from the State Civil Service Act (Part 2 (commencing with Section 18500) of Division 5 of Title 2 of the Government Code).~~

~~(c) The director, in accordance with the State Civil Service Act, may appoint and fix the compensation of the clerical, inspection, investigation, evaluation, and auditing personnel, that he or she deems necessary to carry out this chapter.~~

~~(d) The proceedings under this chapter shall be conducted by the bureau in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code. To the extent of any conflict between any of the provisions of this chapter and Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, that Chapter 5 shall prevail.~~

~~(e) The director shall appoint an advisory committee, which shall consist of representatives of institutions, student advocates, and employers who hire students, among other parties. The advisory committee shall be balanced to ensure that institutions and student advocates have approximate equal representation. Institutional representatives on the committee shall be in general proportion to the types of institutions approved or registered pursuant to this chapter and to the number of students served by each type of institution. The advisory committee shall advise the bureau concerning the bureau's administration, licensing, and enforcement functions under this chapter.~~

~~SEC. 69. Section 94774.5 of the Education Code is amended to read:~~

~~94774.5. (a) For the purposes of administration and enforcement of this chapter, the California Postsecondary Education Commission, the bureau, and the director and officers and employees of the commission and the bureau, shall have all the powers and authority granted under this chapter and under Division 1 (commencing with Section 100) and Division 1.5 (commencing with Section 475) of the Business and Professions Code. In addition to satisfying the approval, compliance, and~~



1 enforcement provisions of this chapter, the bureau shall also  
2 comply with and exercise all authority granted by Division 1  
3 (commencing with Section 100) and Division 1.5 (commencing  
4 with Section 475) of the Business and Professions Code.

5 (b) The bureau shall establish a regular inspection program that  
6 shall include unannounced inspections.

7 (c) If the bureau determines after an investigation that an  
8 institution has violated this chapter or any of the regulations  
9 adopted by the bureau, the bureau may do any or all of the  
10 following:

11 (1) Place the institution on probation.

12 (2) Issue an order prohibiting the enrollment of new students.

13 (3) Issue an administrative citation and impose an  
14 administrative fine as authorized by, and in accordance with,  
15 Section 94957 of this code or Section 146, 147, or 148 of the  
16 Business and Professions Code.

17 (4) Issue an order of abatement or citation pursuant to Section  
18 125.9 or 148 of the Business and Professions Code.

19 (5) Initiate proceedings under the Administrative Procedure  
20 Act or this chapter to revoke or suspend the institution's approval  
21 to operate.

22 (6) With the consent of the institution, refer an adjudicative  
23 proceeding to mediation, or binding or nonbinding arbitration, in  
24 accordance with the regulations of the Office of Administrative  
25 Hearings, the California Postsecondary Education Commission,  
26 or the bureau.

27 (7) Order reimbursement of the costs of the investigation and  
28 enforcement in accordance with Section 94935 of this code or  
29 Section 125.3 of the Business and Professions Code. An institution  
30 shall not be required to pay the same costs and expenses to more  
31 than one investigating entity.

32 (8) Notify the telephone company to disconnect the  
33 institution's telephone as authorized by Section 149 of the  
34 Business and Professions Code.

35 SEC. 70. Section 94804 of the Education Code is amended to  
36 read:

37 94804. (a) The review of a private postsecondary educational  
38 institution's original application for approval, or a renewal  
39 application to the bureau, or an approved institution already in  
40 operation, shall include a determination of the institution's

~~1 financial responsibility. An institution shall be considered~~  
~~2 financially responsible if it has sufficient assets to do all of the~~  
~~3 following:~~

~~4 (1) Provide the educational services stated in its official~~  
~~5 publications and statements.~~

~~6 (2) Comply with the standards and requirements specified in~~  
~~7 Article 8 (commencing with Section 94900), Article 9~~  
~~8 (commencing with Section 94915), or Article 9.5 (commencing~~  
~~9 with Section 94931), whichever is applicable.~~

~~10 (3) Provide the administrative and financial resources to fully~~  
~~11 comply with this article.~~

~~12 (4) Comply with any applicable provisions of Section 94855.~~

~~13 (b) An institution shall not be considered financially~~  
~~14 responsible under any of the following conditions:~~

~~15 (1) The institution fails to have available sufficient funds and~~  
~~16 accounts receivable to pay all operating expenses due within 30~~  
~~17 days. For the purpose of this paragraph, "funds" means cash or~~  
~~18 assets that can be converted into cash within seven days.~~

~~19 (2) Under generally accepted accounting principles, the~~  
~~20 institution had, at the end of its latest fiscal year, a ratio of current~~  
~~21 assets to current liabilities of less than 1.25 to 1. For the purpose~~  
~~22 of this paragraph, "current assets" does not include any of the~~  
~~23 following: (A) intangible assets, including goodwill, going~~  
~~24 concern value, organization expense, startup costs, long-term~~  
~~25 prepayment of deferred charges, and nonreturnable deposits, or~~  
~~26 (B) state or federal grant funds that are not the property of the~~  
~~27 institution but are held for future disbursement for the benefit of~~  
~~28 students. Unearned tuition shall be accounted for in accordance~~  
~~29 with generally accepted accounting principles. When another~~  
~~30 government agency requires an institution to file annual financial~~  
~~31 audit prepared by a certified public accountant, that agency's~~  
~~32 current ratio standard may apply in lieu of the ratio specified in this~~  
~~33 paragraph if the ratio of current assets to current liabilities under~~  
~~34 that standard is 1 to 1 or greater.~~

~~35 (c) (1) In determining an institution's compliance with~~  
~~36 subdivision (a), the bureau, at the institution's request, may~~  
~~37 consider the financial resources of a parent corporation if the~~  
~~38 parent corporation files with the bureau, and at all times complies~~  
~~39 with, an irrevocable and unconditional agreement approved by its~~

1 board of directors that satisfies all of the requirements of paragraph  
2 (2):

3 (2) The agreement described in paragraph (1) shall provide that  
4 the parent corporation do all of the following:

5 (A) Consent to be sued in California.

6 (B) Consent to be subject to the administrative jurisdiction of  
7 the bureau in connection with the institution's compliance with  
8 this chapter.

9 (C) Appoint an agent for service of process in California and  
10 all notices required by this chapter.

11 (D) Agree to pay any refund, claim, penalty, or judgment that  
12 the institution is obligated to pay.

13 (E) File financial reports, maintain financial records, and  
14 permit the inspection and copying of financial records to the same  
15 extent as is required of the institution.

16 (3) For the purposes of this subdivision, a "parent  
17 corporation" means a corporation that owns more than 80 percent  
18 of the stock of the institution whose financial resources are at issue.

19 (d) (1) If the bureau determines that an institution is not  
20 financially responsible, the bureau, under terms and conditions  
21 prescribed by the council, may require the institution to submit for  
22 its latest complete fiscal year and its current fiscal year, each of the  
23 following:

24 (A) A financial audit of the institution conducted by a licensed  
25 certified public accountant, in accordance with generally accepted  
26 auditing standards.

27 (B) The institution's financial plan for establishing financial  
28 responsibility.

29 (C) Any other information requested by the bureau.

30 (2) This subdivision does not prevent the bureau from taking  
31 any other actions authorized under this chapter.

32 SEC. 71.—Section 94835 of the Education Code is amended to  
33 read:

34 94835.—(a) The bureau shall review and investigate all  
35 institutions, programs, and courses of instruction approved under  
36 this chapter. Consideration in the scheduling of reviews and  
37 investigations shall be afforded to student complaints and  
38 information collected by the Attorney General, any board within  
39 the Department of Consumer Affairs, or any other federal, state,  
40 or local agency. The bureau also shall conduct periodic

~~1 unannounced reviews and investigations of institutions to  
2 determine compliance with this chapter.~~

~~3 (b) At the bureau's request in connection with an investigation  
4 to determine compliance with this chapter, an institution, during  
5 its normal business hours, shall immediately make available for  
6 inspection and copying all records required to be maintained by  
7 this chapter or that relate to the institution's compliance with this  
8 chapter and permit the bureau's representatives to have immediate  
9 access to the institution's primary administrative location and sites  
10 of instruction during the institution's normal business hours to  
11 examine and copy these records, to inspect the institution's  
12 physical facilities, equipment, library and other learning  
13 resources, and to interview school administrators, faculty, and  
14 students.~~

~~15 (c) The approval to operate shall be issued to the owners or the  
16 governing body of the applicant institution, and shall be  
17 nontransferrable. Any person that makes a proper application and  
18 complies with this chapter and each standard and regulation  
19 pertaining to this chapter shall be qualified to receive an approval  
20 to operate or an approval of the transfer of ownership.~~

~~21 SEC. 72.—Section 94846 of the Education Code is amended to  
22 read:~~

~~23 94846.—(a) If a shift in control or change of ownership of an  
24 institution occurs, an application for a new approval to operate for  
25 the institution under the changed ownership or control shall be  
26 filed with the bureau at least 20 days prior to the shift in control  
27 or change in ownership. Whenever an institution is operated at  
28 different locations, an application for approval shall be filed for  
29 each location.~~

~~30 (b) The application for approval to operate submitted in  
31 conjunction with a change of ownership may include pertinent  
32 portions of the institution's previous application prepared in  
33 connection with programs or courses of instruction that remain  
34 unchanged or unaffected by the change in ownership.~~

~~35 (c) No application for ownership or transfer of ownership shall  
36 be approved for any applicant that has been found previously in  
37 any judicial or administrative proceeding to have violated this  
38 chapter, or if there exists any of the grounds for denial set forth in  
39 Section 480 of the Business and Professions Code.~~

1 ~~(d) No change in ownership of the institution shall be made~~  
2 ~~until the application is approved. If an application for a new~~  
3 ~~approval to operate is not timely filed as required by this section,~~  
4 ~~the institution's approval to operate shall terminate.~~

5 ~~(e) For the purposes of this section, a change in ownership~~  
6 ~~occurs when there is a change of control of the institution, or where~~  
7 ~~a person that previously did not own at least 25 percent of the stock~~  
8 ~~or controlling interest of an institution or its parent corporation,~~  
9 ~~acquires ownership of at least 25 percent of the stock of the~~  
10 ~~institution or its parent corporation, or when a for-profit business~~  
11 ~~converts to nonprofit corporation status or forms a nonprofit~~  
12 ~~corporation as a subsidiary to provide the educational services for~~  
13 ~~which the for-profit business is approved to operate.~~

14 ~~SEC. 73.—Section 94920 of the Education Code is amended to~~  
15 ~~read:~~

16 ~~94920.—(a) Each individual submitting an application for a~~  
17 ~~certificate of authorization for service, pursuant to paragraph (3)~~  
18 ~~of subdivision (b) of Section 94915, shall provide the bureau with~~  
19 ~~the following information:~~

20 ~~(1) A completed application as supplied by the bureau.~~

21 ~~(2) Certified copies of educational transcripts, where~~  
22 ~~applicable.~~

23 ~~(3) Verified employment history.~~

24 ~~(4) Other documentation of prior experience or education as~~  
25 ~~required by the bureau for verification.~~

26 ~~(b) To be eligible for a certificate of authorization for service,~~  
27 ~~the applicant shall fulfill the following requirements:~~

28 ~~(1) Instructors shall have all of the following qualifications:~~

29 ~~(A) No record of any violations of this chapter.~~

30 ~~(B) Verification that he or she possesses a combination of at~~  
31 ~~least three years' experience and training or education in the~~  
32 ~~occupation or job title category for which the certification is~~  
33 ~~sought.~~

34 ~~(C) An instructor for a program that leads to a degree shall~~  
35 ~~possess a degree of equal or higher level in the occupation for~~  
36 ~~which certification is sought.~~

37 ~~(2) Directors shall have both of the following qualifications:~~

38 ~~(A) Three years' experience in an administrative position in a~~  
39 ~~public or an approved private postsecondary school.~~

40 ~~(B) No record of any violations of this chapter.~~

~~(3) Associate directors shall have both of the following qualifications:~~

~~(A) Two years' experience in an administrative or other responsible position in a public or state approved private postsecondary school.~~

~~(B) No record of any violations of this chapter.~~

~~(4) Financial aid directors shall have all of the following qualifications:~~

~~(A) Five years' experience in an administrative position in the financial aid office of a public or approved private postsecondary school.~~

~~(B) Verification of completion within the previous two years of a training seminar or workshop certified by the California Postsecondary Education Commission as providing up-to-date comprehensive information on financial aid programs and policies.~~

~~(C) No record of any violations of this chapter.~~

~~(D) Any other requirements the bureau deems necessary.~~

~~(5) Financial aid officers shall possess all of the following qualifications:~~

~~(A) Verification of completion within the previous two years of a training seminar or workshop certified by the California Postsecondary Education Commission as providing up-to-date comprehensive information on financial aid programs and policies.~~

~~(B) No record of any violations of this chapter.~~

~~(C) Other requirements the bureau deems necessary.~~

~~(e) An individual who is the sole owner of an institution may serve in the capacity of director for three years prior to meeting the qualifications of subparagraph (A) of paragraph (2) of subdivision (b).~~

~~(d) Any individual filling a position left vacant by a previously certified financial aid director or financial aid officer shall verify with the bureau completion of the training referred to in subparagraph (A) of paragraph (5) of subdivision (b) within one year of accepting that position.~~

~~(e) Each individual certified for authorization for service in the positions listed in paragraphs (1), (4), and (5) of subdivision (b) shall maintain at each private postsecondary educational institution where he or she is employed a validated transcript~~

1 ~~evidencing the successful completion of three continuing~~  
2 ~~education units of recognized in-service training in their~~  
3 ~~education, job title category, or employment field during every~~  
4 ~~period of certification. These units may be completed through~~  
5 ~~in-service training offered by accrediting associations,~~  
6 ~~professional organizations, or bureau-approved programs.~~

7 ~~(f) Every certificate of authorization issued to a person who~~  
8 ~~possesses the qualifications described in paragraphs (1), (4), and~~  
9 ~~(5) of subdivision (b) shall be valid for a period of three years.~~

10 ~~(g) In addition to the requirements set forth in this section, the~~  
11 ~~bureau may impose additional requirements by regulation.~~

12 ~~SEC. 74. Section 94930 of the Education Code is amended to~~  
13 ~~read:~~

14 ~~94930. (a) All institutions that were certified to offer flight~~  
15 ~~instruction by the Federal Aviation Administration (FAA) and that~~  
16 ~~operated in California on December 31, 1990, pursuant to prior~~  
17 ~~authority of subdivision (a) or (b) of former Section 94311, shall~~  
18 ~~receive approval from the bureau for a period not to exceed three~~  
19 ~~years. On or before June 30, 1999, the bureau shall work in~~  
20 ~~cooperation with the FAA to review each of these institutions to~~  
21 ~~determine whether the institution is in compliance with the~~  
22 ~~requirements of this chapter. It is the intent of the Legislature that~~  
23 ~~all institutions whose cumulative gross student loan default rate is~~  
24 ~~above 40 percent, as determined by the California Postsecondary~~  
25 ~~Education Commission, shall be reviewed by the FAA and the~~  
26 ~~bureau to determine if these institutions are in compliance with the~~  
27 ~~requirements of this chapter and should continue to be approved~~  
28 ~~to offer educational programs in California. It is further the intent~~  
29 ~~of the Legislature that the bureau develop a memorandum of~~  
30 ~~understanding with the FAA to delineate the responsibilities of~~  
31 ~~each agency for the approval and monitoring of these institutions~~  
32 ~~that were operating on December 31, 1990, under the prior~~  
33 ~~authority of subdivision (a) or (b) of former Section 94311.~~

34 ~~(b) Institutions certified to offer flight instruction by the FAA,~~  
35 ~~or its successor agency, shall comply with all of the requirements~~  
36 ~~of Sections 94800, 94810, 94814, and 94816, Sections 94820 to~~  
37 ~~94826, inclusive, and Sections 94828 and 94829 and Article 7~~  
38 ~~(commencing with Section 94850) if applicable, but shall not be~~  
39 ~~required to file any materials with the bureau that are not required~~  
40 ~~by the FAA or its successor agency, except those minimally~~



1 necessary to administer the Student Tuition Recovery Fund as  
2 determined by the bureau. The responsibility for monitoring and  
3 enforcing institutional compliance for these institutions shall be  
4 with the bureau.

5 (e) This chapter does not apply to individual flight instructors  
6 not requiring any advance payments, who do not negotiate a  
7 formal contract of indebtedness, and who do not have an  
8 established place of business other than their residences.

9 SEC. 75. Section 94931 of the Education Code is amended to  
10 read:

11 94931. (a) No private postsecondary educational institution;  
12 except those offering degrees and approved under Article 8  
13 (commencing with Section 94900) or offering vocational and  
14 nondegree granting programs and approved under Article 9  
15 (commencing with Section 94915), or those that are exempt from  
16 this chapter, may offer educational services or programs unless the  
17 institution has been registered by the bureau as meeting the  
18 requirements of this section.

19 (b) An institution approved to offer degrees under Article 8  
20 (commencing with Section 94900) or approved to offer vocational  
21 and nondegree granting programs under Article 9 (commencing  
22 with Section 94915) may offer registered programs without  
23 affecting its status under either of those articles so long as the  
24 registered program is disclosed in its approval to operate  
25 application or the institution completes a registration application  
26 and receives specific authorization for the program, maintains  
27 compliance for all registered programs in conformity with this  
28 article, and maintains a set of student records for registered  
29 programs separate from its approved programs. Any registered  
30 institution that offers an educational program not specified in  
31 subdivision (c) or not otherwise exempt from this chapter shall be  
32 approved under Article 8 (commencing with Section 94900) or  
33 Article 9 (commencing with Section 94915), and shall comply  
34 with this chapter.

35 (c) Except as otherwise provided in this article, this chapter  
36 does not apply to an educational service that qualifies for  
37 registration status and that complies with this article. The  
38 educational services that qualify for registration status are limited  
39 to:

1 ~~(1) An educational service, as defined in Section 94733, that is~~  
2 ~~offered to provide an intensive English language program.~~

3 ~~(2) An educational service, as defined in Section 94742.1, that~~  
4 ~~is offered to provide short-term career training.~~

5 ~~(3) An educational service, as defined in Section 94742.2, that~~  
6 ~~is offered to provide short-term seminar training.~~

7 ~~(4) An educational service that is offered to assist students to~~  
8 ~~prepare for an examination for licensure, except as provided in~~  
9 ~~Section 94787.~~

10 ~~(5) An educational service that consists of continuing~~  
11 ~~education not otherwise exempt from this chapter.~~

12 ~~(d) An institution that qualifies under any of paragraphs (1) to~~  
13 ~~(4), inclusive, of subdivision (c) shall complete a registration form~~  
14 ~~provided by the bureau, including a signed declaration by the chief~~  
15 ~~executive officer of the institution under penalty of perjury, and~~  
16 ~~provide all of the following information for public disclosure:~~

17 ~~(1) The owner's legal name, headquarters address, and the~~  
18 ~~name of an agent for the service of process within California.~~

19 ~~(2) All names, whether real or fictitious, under which the owner~~  
20 ~~is doing and will do business.~~

21 ~~(3) The names and addresses of the principal officers of the~~  
22 ~~institution.~~

23 ~~(4) A list of all California locations at which the institution~~  
24 ~~operates, its offerings, and, if previously registered, the number of~~  
25 ~~students enrolled in California during the preceding year.~~

26 ~~(5) A copy of the registration form or agreement that enrolls the~~  
27 ~~student in the educational service that contains all of the following:~~

28 ~~(A) The name and address of the location where instruction~~  
29 ~~will be provided.~~

30 ~~(B) The title of the educational program.~~

31 ~~(C) The total amount the student is obligated to pay for the~~  
32 ~~educational service.~~

33 ~~(D) A clear and conspicuous statement that the enrollment~~  
34 ~~form or agreement is a legally binding instrument when signed by~~  
35 ~~the student and accepted by the institution.~~

36 ~~(E) The refund policy developed by the institution unless this~~  
37 ~~article specifies a different refund policy.~~

38 ~~(F) Unless this article specifies that the institution is required~~  
39 ~~to participate in the Student Tuition Recovery Fund, a statement~~  
40 ~~that the institution does not participate in that fund.~~

~~(G) In 10-point boldface type or larger, the following statement: “Any questions or problems concerning this school that have not been satisfactorily answered or resolved by the school should be directed to the Bureau for Private Postsecondary and Vocational Education under the administration of the California Postsecondary Education Commission (insert city, address, CA ZIP Code number, and telephone number).”~~

~~(H) Schools approved under paragraph (1) of subdivision (e) of Section 94931 shall also include with the statement required by subparagraph (G) information referring the student to a consulate of his or her country and the United States Immigration and Naturalization Service.~~

~~(6) A brochure or catalog and a sample advertisement used to promote the educational service.~~

~~(7) A copy of its certificate of completion.~~

~~(8) If the educational service offers short-term career training, the institution shall comply with the requirements of Sections 94804 and 94806.~~

~~(9) If the institution assists students in obtaining financing from a third party for the cost of the educational services at the institution, a copy of the contract or finance agreement reflecting that financing.~~

~~(e) The bureau shall establish the initial registration fee and the annual fee to be paid by institutions registered under this article. No institution shall be registered pursuant to this article unless it has paid the appropriate fees required by the bureau. Upon receipt of an institution’s initial application for registration for a program, the bureau may conduct a site visit pursuant to subdivision (c) of Section 94915.~~

~~(f) For the purposes of communication with other state agencies, any organization or individual registered to offer short-term seminar training may state that they are “authorized” by the State of California.~~

~~(g) (1) Except as provided by subdivision (f), any institution registered pursuant to this article shall be restricted to stating that their training is “registered” with the State of California, and is prohibited from using the words “approval,” “approved,” “approval to operate,” “approved to operate,” “authorized,” “licensed,” or “licensed to operate.”~~

~~(2) The institution shall place the following statement in all brochures, catalogs, enrollment agreements, and registration forms, in a conspicuous location in at least 12-point boldfaced type:~~

~~“We are registered with the State of California. Registration means we have met certain minimum standards imposed by the state for registered schools on the basis of our written application to the state. Registration does not mean we have met all of the more extensive standards required by the state for schools that are approved to operate or licensed or that the state has verified the information we submitted with our registration form.”~~

~~(h) The bureau may require, at least every three years following the initial registration date, that a registered institution verify all or part of the information required to be provided with the registration form under subdivision (d).~~

~~(i) Sections 94812 and 94818, Sections 94822 to 94825, inclusive, and Sections 94829 to 94838, inclusive, and Sections 94841 and 94846 shall apply to any institution registered pursuant to this article.~~

~~(j) Article 1 (commencing with Section 94700), Article 2 (commencing with Section 94710), Article 3 (commencing with Section 94750), Article 3.5 (commencing with Section 94760), Article 4 (commencing with Section 94770), and Article 13 (commencing with Section 94950) shall apply to any institution registered pursuant to this article.~~

~~SEC. 76. Section 94948 of the Education Code is amended to read:~~

~~94948. (a) (1) The governing board or other governing authority of any private postsecondary or vocational educational institution shall adopt rules providing for the withholding of institutional services from students or former students who have been notified, in writing, at the student's or former student's last known address, that he or she is in default on a loan or loans under either of the following loan programs:~~

~~The Stafford Student Loan program.~~

~~The Supplemental Loans for Students program.~~

~~Any program directly or indirectly financed by the California Educational Facilities Authority.~~

~~(2) (A) “Default,” as used in this section, with respect to a loan under the Stafford Student Loan program or Supplemental~~

~~Loans for Students program means the failure of a borrower to make an installment payment when due, or to meet other terms of the promissory note under circumstances where the guarantee agency finds it reasonable to conclude that the borrower no longer intends to honor the obligation to repay, provided that this failure persists for 180 days for a loan repayable in monthly installments, or 240 days for a loan repayable in less frequent installments.~~

~~(B) “Default,” as used in this section, with respect to a program directly or indirectly financed by the California Educational Facilities Authority, means the failure of a borrower to make an installment payment when due, or to meet other terms of the loan, within that period and under the circumstances determined by the California Educational Facilities Authority with respect to that program.~~

~~(b) (1) The rules adopted pursuant to subdivision (a) shall provide that the services withheld may be provided during a period when the facts are in dispute and when the student or former student demonstrates to either the governing board or other appropriate governing authority of the institution, or the California Postsecondary Education Commission and the appropriate entity or its designee, that reasonable progress has been made to repay the loan or that there exists a reasonable justification for the delay as determined by the institution. The rules shall specify the services to be withheld from the student and may include, but are not limited to, the following:~~

~~(A) The provision of grades.~~

~~(B) The provision of transcripts.~~

~~(C) The provision of diplomas.~~

~~(2) The rules shall not include the withholding of registration privileges.~~

~~(e) When it has been determined that an individual is in default on a loan or loans under either of the loan programs specified in subdivision (a), the California Postsecondary Education Commission shall give notice of the default to all institutions through which that individual acquired the loan or loans.~~

~~(d) Guarantors, or those who act as their agents or act under their control, who provide information to institutions pursuant to this section, shall defend, indemnify, and hold harmless the governing board or other governing authority of the institutions from action resulting from compliance with this section when the~~

1 ~~action arises as a result of incorrect, misleading, or untimely~~  
2 ~~information provided to the institution by the guarantors, their~~  
3 ~~agents, or those acting under the control of the guarantors.~~

4 ~~SEC. 77. Section 94965 of the Education Code is amended to~~  
5 ~~read:~~

6 ~~94965. (a) Proceedings in connection with the denial of an~~  
7 ~~application to operate, the grant of a conditional approval to~~  
8 ~~operate, or the revocation of an approval to operate shall be~~  
9 ~~conducted in accordance with Chapter 5 (commencing with~~  
10 ~~Section 11500) of Part 1 of Division 3 of Title 2 of the Government~~  
11 ~~Code, and the bureau shall have all of the powers granted in that~~  
12 ~~chapter. Any action by the bureau to place an institution on~~  
13 ~~probation shall be subject to appeal, and the bureau shall establish~~  
14 ~~procedures that provide the institution with adequate notice and an~~  
15 ~~opportunity to be heard and to present evidence as to why the~~  
16 ~~action recommended by staff or by a visiting committee shall not~~  
17 ~~be taken.~~

18 ~~(b) Upon taking any action to suspend or revoke an institution's~~  
19 ~~approval to operate, or to deny an application for renewal of an~~  
20 ~~approval to operate, the bureau shall provide written notice to the~~  
21 ~~United States Department of Education and to any appropriate~~  
22 ~~accrediting association.~~

23 ~~SEC. 78. Section 94990 of the Education Code is repealed.~~

24 ~~SEC. 79. Section 94995 of the Education Code is amended to~~  
25 ~~read:~~

26 ~~94995. (a) On or before January 31 of each calendar year, the~~  
27 ~~bureau shall submit a written report to the Legislature,~~  
28 ~~summarizing its activities during the previous fiscal year.~~

29 ~~(b) Annual reports prepared pursuant to this section shall~~  
30 ~~include, but shall not necessarily be limited to, all of the following:~~

31 ~~(1) Timely information relating to the enforcement activities of~~  
32 ~~the bureau pursuant to this chapter.~~

33 ~~(2) Statistics providing a composite picture of the private~~  
34 ~~postsecondary educational community, including data on how~~  
35 ~~many schools, as classified by subject matter, and how many~~  
36 ~~students there are within the scope of the activities of the bureau.~~

37 ~~SEC. 80. Article 16 (commencing with Section 94999) of~~  
38 ~~Chapter 7 of Part 59 of the Education Code is repealed.~~

39 ~~SEC. 81. Section 127929 of the Health and Safety Code is~~  
40 ~~amended to read:~~

1 ~~127929. (a) The office shall administer the California~~  
2 ~~Medical and Dental Student Loan Repayment Program of 2002.~~  
3 ~~Any individual enrolled in an institution of postsecondary~~  
4 ~~education participating in the program set forth in this article may~~  
5 ~~be eligible to receive a conditional warrant for loan repayment, to~~  
6 ~~be redeemed upon becoming employed as a physician or dentist in~~  
7 ~~a medically underserved area or a dentally underserved area~~  
8 ~~serving primarily medically or dentally underserved populations.~~  
9 ~~In order to be eligible to receive a conditional loan repayment~~  
10 ~~warrant, an applicant shall satisfy all of the following conditions:~~  
11 ~~(1) The applicant has been judged by his or her postsecondary~~  
12 ~~institution to have outstanding ability on the basis of criteria that~~  
13 ~~may include, but not be limited to, any of the following:~~  
14 ~~(A) Grade point average.~~  
15 ~~(B) Test scores.~~  
16 ~~(C) Faculty evaluations.~~  
17 ~~(D) Interviews.~~  
18 ~~(E) Other recommendations.~~  
19 ~~(2) In order to meet the costs associated with obtaining a~~  
20 ~~medical or dental degree, the applicant has received, or is approved~~  
21 ~~to receive, a loan under one or more of the following designated~~  
22 ~~loan programs:~~  
23 ~~(A) The Federal Family Education Loan Program (10 U.S.C.~~  
24 ~~Sec. 1071 et seq.).~~  
25 ~~(B) Any loan program approved by the California~~  
26 ~~Postsecondary Education Commission.~~  
27 ~~(3) The applicant has agreed to provide services as a licensed~~  
28 ~~physician for up to three consecutive years, after obtaining a~~  
29 ~~license from the Medical Board of California in a medically~~  
30 ~~underserved area, or the applicant has agreed to provide services~~  
31 ~~as a licensed dentist for up to three consecutive years, after~~  
32 ~~obtaining a license from the Dental Board of California in a~~  
33 ~~dentally underserved area.~~  
34 ~~(4) The applicant has agreed to work in a setting where the~~  
35 ~~applicant will primarily serve medically or dentally underserved~~  
36 ~~populations.~~  
37 ~~(b) The office shall ensure that priority consideration be given~~  
38 ~~to applicants who are best suited to meet the cultural and linguistic~~  
39 ~~needs and demands of medically and dentally underserved~~  
40 ~~populations and who meet one or more of the following criteria:~~



1 ~~(1) Speak a Medi-Cal threshold language.~~

2 ~~(2) Come from an economically disadvantaged background.~~

3 ~~(3) Have received significant training in cultural and~~  
4 ~~linguistically appropriate service delivery.~~

5 ~~(4) Have done a medical rotation serving medically~~  
6 ~~underserved populations or provided dental services to members~~  
7 ~~of a dentally underserved population.~~

8 ~~(e) A person participating in the program pursuant to this~~  
9 ~~section shall not receive more than one warrant.~~

10 ~~(d) The office shall adopt rules and regulations regarding the~~  
11 ~~reallocation of warrants if a participating institution is unable to~~  
12 ~~utilize its allocated warrants or is unable to distribute them within~~  
13 ~~a reasonable time period.~~

14 ~~SEC. 82. Section 128445 of the Health and Safety Code is~~  
15 ~~amended to read:~~

16 ~~128445. In developing this program, the Health Professions~~  
17 ~~Education Foundation shall solicit the advice of the~~  
18 ~~representatives of the Board of Registered Nursing, the California~~  
19 ~~Postsecondary Education Commission, the California Nurses~~  
20 ~~Association, the California Association of Health Facilities, the~~  
21 ~~California Association of Homes for the Aging, the Chancellor of~~  
22 ~~the California State University, the President of the University of~~  
23 ~~California, and other entities as may be appropriate.~~

24 ~~SEC. 83. Section 4709 of the Labor Code is amended to read:~~

25 ~~4709. (a) Notwithstanding any other provisions of law, a~~  
26 ~~dependent of a peace officer, as defined in Section 830.1, 830.2,~~  
27 ~~830.3, 830.31, 830.32, 830.33, 830.34, 830.35, 830.36, 830.37,~~  
28 ~~830.38, 830.39, 830.4, 830.5, or 830.6 of the Penal Code, who is~~  
29 ~~killed in the performance of duty or who dies or is totally disabled~~  
30 ~~as a result of an accident or an injury caused by external violence~~  
31 ~~or physical force, incurred in the performance of duty, when the~~  
32 ~~death, accident, or injury is compensable under this division or~~  
33 ~~Division 4.5 (commencing with Section 6100) shall be entitled to~~  
34 ~~a scholarship at any institution described in subdivision (l) of~~  
35 ~~Section 69432.7 of the Education Code. The scholarship shall be~~  
36 ~~in an amount equal to the amount provided a student who has been~~  
37 ~~awarded a Cal Grant scholarship as specified in Chapter 1.7~~  
38 ~~(commencing with Section 69430) of Part 42 of the Education~~  
39 ~~Code.~~

~~(b) A dependent of an officer or employee of the Department of Corrections or the Department of the Youth Authority described in Section 20017.77 of the Government Code who is killed in the performance of duty, or who dies or is totally disabled as a result of an accident or an injury incurred in the performance of duty, when the death, accident, or injury is caused by the direct action of an inmate, and is compensable under this division or Division 4.5 (commencing with Section 6100), shall also be entitled to a scholarship specified in this section.~~

~~(c) Notwithstanding any other provisions of law, a dependent of a firefighter employed by a county, city, city and county, district, or other political subdivision of the state, who is killed in the performance of duty or who dies or is totally disabled as a result of an accident or injury incurred in the performance of duty, when the death, accident, or injury is compensable under this division or Division 4.5 (commencing with Section 6100), shall also be entitled to a scholarship specified in this section.~~

~~(d) Nothing in this section shall be interpreted to allow the admittance of the dependent into a college or university unless the dependent is otherwise qualified to gain admittance to the college or university.~~

~~(e) The scholarship provided for by this section shall be paid out of funds annually appropriated in the Budget Act to the California Postsecondary Education Commission.~~

~~(f) The receipt of a scholarship provided for by this section shall not preclude a dependent from receiving a Cal Grant award pursuant to Chapter 1.7 (commencing with Section 69430) of Part 42 of the Education Code, any other grant, or any fee waivers that may be provided by an institution of higher education. The receipt of a Cal Grant award pursuant to Chapter 1.7 (commencing with Section 69430) of Part 42 of the Education Code, any other grant, or any fee waivers that may be provided by an institution of higher education shall not preclude a dependent from receiving a scholarship provided for by this section.~~

~~(g) The amendments made to this section during the 1995 portion of the 1995–96 Regular Session shall apply to a student receiving a scholarship on the effective date of the amendments unless that application would result in the student receiving a scholarship on less favorable terms or in a lesser amount, in which case the student shall continue to receive the scholarship on the~~

1 same terms and conditions in effect prior to the effective date of  
2 the amendments.

3 (h) As used in this section, “dependent” means the children  
4 (natural or adopted) or spouse, at the time of the death or injury,  
5 of the peace officer, law enforcement officer, or firefighter.

6 (i) ~~Eligibility for a scholarship under this section shall be~~  
7 ~~limited to a person who demonstrates financial need as determined~~  
8 ~~by the California Postsecondary Education Commission pursuant~~  
9 ~~to Article 1.5 (commencing with Section 69503) of Chapter 2 of~~  
10 ~~Part 42 of the Education Code. For purposes of determining~~  
11 ~~financial need, the proceeds of death benefits received by the~~  
12 ~~dependent, including, but not limited to, a continuation of income~~  
13 ~~received from the Public Employees’ Retirement System, the~~  
14 ~~proceeds from the federal Public Safety Officers’ Benefits Act, life~~  
15 ~~insurance policies, proceeds from Sections 4702 and 4703.5, any~~  
16 ~~private scholarship where receipt is predicated upon the recipient~~  
17 ~~being the survivor of a deceased public safety officer, the~~  
18 ~~scholarship awarded pursuant to Section 68120 of the Education~~  
19 ~~Code, and any interest received from these benefits, shall not be~~  
20 ~~considered.~~

21 SEC. 84. Section 4728 of the Labor Code is amended to read:

22 4728. (a) A dependent of an elected public official, who was  
23 intentionally killed while holding office, in retaliation for, or to  
24 prevent the performance of, an official duty, shall be entitled to a  
25 scholarship at any institution described in subdivision (l) of  
26 Section 69432.7 of the Education Code. The scholarship shall be  
27 in an amount equal to the amount provided a student who has been  
28 awarded a Cal Grant scholarship as specified in Chapter 1.7  
29 (commencing with Section 69430) of Part 42 of the Education  
30 Code. Eligibility for a scholarship under this section shall be  
31 limited to a person who demonstrates financial need as determined  
32 by the California Postsecondary Education Commission pursuant  
33 to Article 1.5 (commencing with Section 69503) of Chapter 2 of  
34 Part 42 of the Education Code.

35 (b) The scholarship provided for by this section shall be paid  
36 out of funds annually appropriated in the Budget Act to the  
37 California Postsecondary Education Commission.

38 (c) The receipt of a scholarship provided for by this section  
39 shall not preclude a dependent from receiving a Cal Grant award  
40 pursuant to Chapter 1.7 (commencing with Section 69430) of Part

1 ~~42 of the Education Code, any other grant, or any fee waivers that~~  
2 ~~may be provided by an institution of higher education. The receipt~~  
3 ~~of a Cal Grant award pursuant to Chapter 1.7 (commencing with~~  
4 ~~Section 69430) of Part 42 of the Education Code, any other grant,~~  
5 ~~or any fee waivers that may be provided by an institution of higher~~  
6 ~~education shall not preclude a dependent from receiving a~~  
7 ~~scholarship provided for by this section.~~

8 ~~(d) This section shall apply to a student receiving a scholarship~~  
9 ~~on the effective date of the section unless that application would~~  
10 ~~result in the student receiving a scholarship on less favorable terms~~  
11 ~~or in a lesser amount, in which case the student shall continue to~~  
12 ~~receive the scholarship on the same terms and conditions in effect~~  
13 ~~prior to the effective date of this section.~~

14 ~~(e) As used in this section, “dependent” means the children~~  
15 ~~(natural or adopted) or spouse, at the time of the death or injury,~~  
16 ~~of the elected public official.~~

17 ~~SEC. 85. Section 10340 of the Public Contract Code is~~  
18 ~~amended to read:~~

19 ~~10340. (a) Except as provided by subdivision (b), state~~  
20 ~~agencies shall secure at least three competitive bids or proposals~~  
21 ~~for each contract.~~

22 ~~(b) Three competitive bids or proposals are not required in any~~  
23 ~~of the following cases:~~

24 ~~(1) In cases of emergency where a contract is necessary for the~~  
25 ~~immediate preservation of the public health, welfare, or safety, or~~  
26 ~~protection of state property.~~

27 ~~(2) When the agency awarding the contract has advertised the~~  
28 ~~contract in the California State Contracts Register and has solicited~~  
29 ~~all potential contractors known to the agency, but has received less~~  
30 ~~than three bids or proposals.~~

31 ~~(3) The contract is with another state agency, a local~~  
32 ~~governmental entity, an auxiliary organization of the California~~  
33 ~~State University, an auxiliary organization of a California~~  
34 ~~community college, a foundation organized to support the Board~~  
35 ~~of Governors of the California Community Colleges, or an~~  
36 ~~auxiliary organization of the California Postsecondary Education~~  
37 ~~Commission established pursuant to Section 69522 of the~~  
38 ~~Education Code. These contracts, however, may not be used to~~  
39 ~~circumvent the competitive bidding requirements of this article.~~

1 ~~(4) The contract meets the conditions prescribed by the~~  
2 ~~department pursuant to subdivision (a) of Section 10348.~~

3 ~~(5) The contract has been awarded without advertising and~~  
4 ~~calling for bids pursuant to Section 19404 of the Welfare and~~  
5 ~~Institutions Code.~~

6 ~~(6) Contracts entered into pursuant to Section 14838.5 of the~~  
7 ~~Government Code.~~

8 ~~(7) Contracts for the development, maintenance,~~  
9 ~~administration, or use of licensing or proficiency testing~~  
10 ~~examinations.~~

11 ~~(e) Any agency which has received less than three bids or~~  
12 ~~proposals on a contract shall document, in a manner prescribed by~~  
13 ~~the department, the names and addresses of the firms or individuals~~  
14 ~~it solicited for bids or proposals.~~

15 ~~SEC. 86. Section 19533 of the Revenue and Taxation Code is~~  
16 ~~amended to read:~~

17 ~~19533. In the event the debtor has more than one debt being~~  
18 ~~collected by the Franchise Tax Board and the amount collected by~~  
19 ~~the Franchise Tax Board is insufficient to satisfy the total amount~~  
20 ~~owing, the amount collected shall be applied in the following~~  
21 ~~priority:~~

22 ~~(a) Payment of any delinquencies transferred for collection~~  
23 ~~under Article 5 (commencing with Section 19270) of Chapter 5.~~

24 ~~(b) Payment of any taxes, additions to tax, penalties, interest,~~  
25 ~~fees, or other amounts due and payable under Part 7.5~~  
26 ~~(commencing with Section 13201), Part 10 (commencing with~~  
27 ~~Section 17001), Part 11 (commencing with Section 23001), or this~~  
28 ~~part.~~

29 ~~(c) Payment of delinquent wages collected pursuant to the~~  
30 ~~Labor Code.~~

31 ~~(d) Payment of delinquencies collected under Section 10878.~~

32 ~~(e) Payment of any amounts due that are referred for collection~~  
33 ~~under Article 5.5 (commencing with Section 19280) of Chapter 5.~~

34 ~~(f) Payment of any amounts that are referred for collection~~  
35 ~~pursuant to Section 62.9 of the Labor Code.~~

36 ~~(g) Payment of delinquent penalties collected for the~~  
37 ~~Department of Industrial Relations pursuant to the Labor Code.~~

38 ~~(h) Payment of delinquent fees collected for the Department of~~  
39 ~~Industrial Relations pursuant to the Labor Code.~~

1 ~~(i) Notwithstanding the payment priority established by this~~  
2 ~~section, voluntary payments made by a taxpayer designated by the~~  
3 ~~taxpayer as payment for a personal income tax liability, shall not~~  
4 ~~be applied pursuant to this priority, but shall instead be applied~~  
5 ~~solely to the personal income tax liability for which the voluntary~~  
6 ~~payment was made.~~

7 ~~SEC. 87.—Section 19557 of the Revenue and Taxation Code is~~  
8 ~~amended to read:~~

9 ~~19557.—(a) Notwithstanding any other provision of law, the~~  
10 ~~California Postsecondary Education Commission may annually~~  
11 ~~inform the Franchise Tax Board of the names and social security~~  
12 ~~numbers of the following persons who have, as part of the Student~~  
13 ~~Aid Application for California, signed an authorization in a form~~  
14 ~~and manner mutually agreeable to the Franchise Tax Board and the~~  
15 ~~California Postsecondary Education Commission for the release~~  
16 ~~by the Franchise Tax Board of tax information to the California~~  
17 ~~Postsecondary Education Commission:~~

18 ~~(1) All applicants for, or recipients of, student financial aid.~~

19 ~~(2) Parents of dependent applicants for, or recipients of, student~~  
20 ~~financial aid.~~

21 ~~(3) Spouses of applicants for, or recipients of, student financial~~  
22 ~~aid.~~

23 ~~(b) The California Postsecondary Education Commission shall~~  
24 ~~submit the names and social security numbers as authorized in~~  
25 ~~subdivision (a) in the form and manner prescribed by the Franchise~~  
26 ~~Tax Board.~~

27 ~~(c) Upon receipt of this information, the Franchise Tax Board~~  
28 ~~may provide the California Postsecondary Education~~  
29 ~~Commission, from state tax returns of individuals described in~~  
30 ~~subdivision (a), their California adjusted gross income and the~~  
31 ~~California income adjustments as are necessary to calculate their~~  
32 ~~federal adjusted gross income, or any other information from their~~  
33 ~~state tax return, that can be provided by the Franchise Tax Board~~  
34 ~~through its automated process, that the California Postsecondary~~  
35 ~~Education Commission needs to administer the program for which~~  
36 ~~the authorization was given.~~

37 ~~(d) All versions of the Student Aid Application for California~~  
38 ~~shall include the authorization described in subdivision (a). The~~  
39 ~~Franchise Tax Board may from time to time audit these~~  
40 ~~authorizations. All processors of the Student Aid Application for~~

1 ~~California shall provide the Franchise Tax Board with access to~~  
2 ~~any records necessary for completing these audits. The Franchise~~  
3 ~~Tax Board shall report all audit findings to the California~~  
4 ~~Postsecondary Education Commission.~~

5 ~~(e) Any unwarranted disclosure or use of the tax information~~  
6 ~~described in subdivision (c) by the California Postsecondary~~  
7 ~~Education Commission, or its employees and officers thereof, is~~  
8 ~~a misdemeanor as provided in Section 19552.~~

9 ~~SEC. 88. Section 5024 of the Vehicle Code is amended to~~  
10 ~~read:~~

11 ~~5024. (a) Any person described in Section 5101 may also~~  
12 ~~apply for a set of commemorative collegiate reflectorized license~~  
13 ~~plates, and the department shall issue those special license plates~~  
14 ~~in lieu of the regular license plates. The collegiate reflectorized~~  
15 ~~plates shall be of a distinctive design, and shall be available in a~~  
16 ~~special series of letters or numbers, or both, as determined by the~~  
17 ~~department. The collegiate reflectorized plates shall also contain~~  
18 ~~the name of the participating institution as well as the reflectorized~~  
19 ~~logotype, motto, symbol, or other distinctive design, as approved~~  
20 ~~by the department, representing the participating university or~~  
21 ~~college selected by the applicant.~~

22 ~~(b) Any public or private postsecondary educational institution~~  
23 ~~in the state, which is accredited or has been accepted as a~~  
24 ~~recognized candidate for accreditation by the Western Association~~  
25 ~~of Schools and Colleges, may indicate to the department its~~  
26 ~~decision to be included in the commemorative collegiate license~~  
27 ~~plate program and submit its distinctive design for the logotype,~~  
28 ~~motto, symbol, or other design. However, no public or private~~  
29 ~~postsecondary educational institution may be included in the~~  
30 ~~program until not less than 5,000 applications are received for~~  
31 ~~license plates containing that institution's logotype, motto,~~  
32 ~~symbol, or other design. Each participating institution shall collect~~  
33 ~~and hold applications for collegiate license plates until it has~~  
34 ~~received at least 5,000 applications. Once the institution has~~  
35 ~~received at least 5,000 applications, it shall submit the~~  
36 ~~applications, along with the necessary fees, to the department.~~  
37 ~~Upon receiving the first application, the institution shall have one~~  
38 ~~calendar year to receive the remaining required applications. If,~~  
39 ~~after that one calendar year, 5,000 applications have not been~~



1 received, the institution shall refund to all applicants any fees or  
2 deposits which have been collected.

3 (e) In addition to the regular fees for an original registration, a  
4 renewal of registration, or a transfer of registration, the following  
5 commemorative collegiate license plate fees shall be paid:

6 (1) Fifty dollars (\$50) for the initial issuance of the plates.  
7 These plates shall be permanent and shall not be required to be  
8 replaced.

9 (2) Forty dollars (\$40) for each renewal of registration which  
10 includes the continued display of the plates.

11 (3) Fifteen dollars (\$15) for transfer of the plates to another  
12 vehicle.

13 (4) Thirty-five dollars (\$35) for replacement plates, if the  
14 plates become damaged or unserviceable.

15 (d) When payment of renewal fees is not required as specified  
16 in Section 4000, or when the person determines to retain the  
17 commemorative collegiate license plates upon sale, trade, or other  
18 release of the vehicle upon which the plates have been displayed,  
19 the person shall notify the department and the person may retain  
20 the plates.

21 (e) Of the revenue derived from the additional special fees  
22 provided in this section, less costs incurred by the department  
23 pursuant to this section, one half shall be deposited in the  
24 California Collegiate License Plate Fund, which is hereby created,  
25 and one half shall be deposited in the Resources License Plate  
26 Fund, which is hereby created.

27 (f) The money in the California Collegiate License Plate Fund  
28 is, notwithstanding Section 13340 of the Government Code,  
29 continuously appropriated to the Controller for allocation as  
30 follows:

31 (1) To the governing body of participating public institutions  
32 in the proportion that funds are collected on behalf of each, to be  
33 used for need-based scholarships, distributed according to federal  
34 student aid guidelines.

35 (2) With respect to funds collected on behalf of accredited  
36 nonprofit, private, and independent colleges and universities in the  
37 state, to the California Postsecondary Education Commission for  
38 grants to students at those institutions, in the proportion that funds  
39 are collected on behalf of each institution, who demonstrate  
40 eligibility and need in accordance with the Cal Grant Program

1 pursuant to Chapter 1.7 (commencing with Section 69430) of Part  
2 42 of the Education Code, but who did not receive an award based  
3 on a listing prepared by the California Postsecondary Education  
4 Commission.

5 (g) The scholarships and grants shall be awarded without  
6 regard to race, religion, creed, sex, or age.

7 (h) The money in the Resources License Plate Fund is  
8 available, upon appropriation, for the purposes of natural  
9 resources preservation, enhancement, and restoration.

10 (i) All revenues deposited in, and expenditures from, the  
11 California Collegiate License Plate Fund shall be audited by the  
12 Auditor General on December 1, 1993, and December 1, 1995.

13 SEC. 89.— Sections 1 to 79, inclusive, and Sections 81 to 88, of  
14 this act shall become operative on July 1, 2005.

